ALBERTA TREASURY BRANCHES 2000 ANNUAL REPORT

ATB's vision

TO BE ALBERTA'S FIRST CHOICE FOR FINANCIAL SERVICES IN THREE TARGET MARKET AREAS: INDIVIDUAL FINANCIAL SERVICES, INDEPENDENT BUSINESS AND AGRI-INDUSTRY. ALBERTANS INVESTING IN ALBERTA.

ATB's mission

TO PROVIDE PERSONALIZED FINANCIAL SERVICES TO ALBERTANS WHILE EARNING A FAIR RETURN.

ALBERTANS PURCHASED 60,098 NEW HOMES, 156,560 NEW VEHICLES AND STARTED 24,558 BUSINESSES IN 1999.

ATB HAS MORE LOCATIONS IN ALBERTA THAN ANY OTHER FINANCIAL INSTITUTION WITH 274 BRANCHES AND AGENCIES IN 240 ALBERTA COMMUNITIES.

WE HAVE OVER 90 PRODUCTS AND SERVICES TAILORED TO MEET THE NEEDS OF EACH ATB CUSTOMER.

ATB IS PROUD OF ITS 2,505 ENTHUSIASTIC AND DEDICATED EMPLOYEES.

ATB EXCEEDED $10 BILLION IN ASSETS DURING FISCAL 2000.

ATB ENCOURAGES THE GROWTH OF ALBERTA'S ECONOMY THROUGH QUALITY FINANCIAL PRODUCTS AND SERVICES FOR ALBERTANS.

COMPANY PROFILE 2000: ATB: DEPOSITS: $9.9 BILLION; LOANS: $8.9 BILLION; EQUITY: $272.6 MILLION

HIGHLIGHTS

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FOR THE YEARS ENDED MARCH 31	2000	1999	1998	1997	1996
Financial position *($ in thousands)*					
Total deposits	**$ 9,924,626**	$ 9,022,310	$ 8,726,065	$ 8,408,193	$ 8,678,630
Total loans	**8,924,691**	8,036,775	7,460,424	7,300,367	7,673,352
Equity (deficit)	**272,638**	44,148	(66,544)	(151,978)	(27,648)
Operating Results *($ in thousands)*					
Interest income	**703,741**	630,584	545,796	592,961	740,533
Interest expense	**371,870**	343,652	294,643	352,983	505,235
Net interest income	**331,871**	286,932	251,153	239,978	235,298
(Recovery) provision for credit losses	**(41,821)**	3,787	(4,173)	198,343	64,041
Net interest income after (recovery) provision for credit losses	**373,692**	283,145	255,326	41,635	171,257
Other income	**94,560**	74,120	65,446	66,070	70,181
Net interest and other income	**468,252**	357,265	320,772	107,705	241,438
Non-interest expenses	**239,762**	246,573	235,338	232,035	205,419
Net income (loss)	**228,490**	110,692	85,434	(124,330)	36,019
Statistical Highlights					
Customer deposit accounts	**1,011,880**	1,030,300	977,560	959,031	932,132
Customer loan accounts	**211,695**	206,598	208,535	207,087	210,414
Branches	**144**	148	148	147	147
Agencies	**130**	129	130	131	130
Staff (full-time equivalents)	**2,505**	2,493	3,161	3,268	3,246
KEY PERFORMANCE MEASURES *(in percent)*					
Operating revenue growth	**18.11**	14.04	3.45	0.19	(0.06)
Net interest margin	**3.33**	3.16	2.92	2.79	2.62
Net interest spread on average earning assets	**3.44**	3.24	3.00	2.88	2.70
Other income to operating revenue	**22.17**	20.53	20.67	21.59	22.97
Expenses to operating revenue	**56.23**	68.29	74.33	75.82	67.24
Return on assets (before tax)	**2.29**	1.22	0.99	(1.44)	0.40
Operating expense growth	**(2.76)**	4.77	1.42	12.96	4.63
Net impaired loans to total gross loans	**(0.46)**	(0.30)	2.23	4.38	3.86
Credit losses to average loans	**(0.49)**	0.05	(0.06)	2.65	0.82
Loan growth	**11.05**	7.73	2.18	(4.86)	(2.21)
Deposit growth	**10.00**	3.39	3.78	(3.12)	(3.07)
Asset growth	**12.39**	5.26	4.14	(3.99)	(3.68)

MESSAGE FROM THE CHAIRMAN OF THE BOARD

Marshall M. Williams
Chairman of the Board

The past year was a year of growth and prosperity for the Alberta economy. Oil and gas prices strengthened, housing starts were strong and manufacturing shipments grew by six percent. The provincial economy is expected to continue this positive trend for the coming year, with estimated total individual and business investment expected to exceed $24 billion.

We expect this investment to be supported by strong economic performance. A healthy provincial economy is an ideal environment for ATB to continue strengthening its market position. As Alberta's economy continues to prosper, ATB is well-positioned with its existing customer relationships and an established presence in our three target markets of individual financial services, independent business and agri-industry.

Customers today are broadening their financial requirements. Financial institutions must broaden their service options as customers increase both the type and frequency of transactions they complete by automated banking machines, telephone banking and on-line banking. This will require a significant investment in hardware and software to provide convenient access for customers. The Internet also presents a challenge to the financial services industry. At ATB, we are ready to respond as we continue to increase our presence and our performance as a vital financial institution in a growing Alberta.

In June 1999, the provincial government appointed Gary Campbell (Edmonton), John (Jack) Halpin (Calgary), and Al O'Brien (Edmonton) to the ATB Board of Directors for one-year terms. The Board acknowledges Garth Griffiths (Hinton), Diane Hunter (Calgary) and Elson McDougald (Drumheller) who left the Board over the last year. We thank each of them for their contributions toward the profitable growth of ATB.

ATB's Board of Directors would like to recognize the significant efforts of ATB staff over the last three years in transforming the organization into a profitable, competitive financial institution. Their dedication and hard work have ensured ATB's customers are benefiting from their relationship with this excellent financial institution.

On behalf of the Board, we would like to wish continued success to our 500,000 individual, independent business, and agri-industry customers.

Marshall M. Williams
Chairman of the Board
May 31, 2000

MESSAGE FROM THE PRESIDENT & CHIEF EXECUTIVE OFFICER

Paul G. Haggis
President &
Chief Executive Officer

We have always maintained that banking is essentially a people business. It is a given that technology is important, along with financial strength, products and access. However, it is people that ultimately differentiate one organization from another. Our people are the key to our future success, for they carry the organization to our customers. Customers must have confidence in them to provide qualified, unbiased advice that is consistent and continuous, and we can confidently say we do that.

The market for financial services is increasingly competitive. Customers today demand a high level of service and want a comprehensive package of financial products and services from their financial institution. ATB is making a critical transition from providing services when asked, to marketing the scope of services we offer to every customer. We are providing training and have introduced tools such as relationship management programs. The results have been positive. Existing customers are buying more of our products in this highly competitive market environment. For the first time, ATB has gained market share in Calgary and Edmonton, when our competitors are fully committed to those markets. These leading indicators demonstrate that ATB has, in effect, come of age. The quality of our people and our products is more than competitive with the major financial institutions in this country. For us, this signals the achievement of an important strategic goal.

Customers must be able to deal with us when and where they want. This past year we have improved access with a dedicated customer contact center, consolidated and opened new branches, added automated banking machines and launched a new small business online banking product. We are committed to making ATB available to our customers, with people who absolutely know what they need and can provide choices. We will continue to excel in products and access for individual financial services, small and medium-size business enterprises and agri-industry.

Enormous efforts have been made this past year to improve our processes, which include administrative and routine functions such as loan administration, mortgage renewals and land titles. These functions have now been centralized in one location. We see this as critical to control costs and enable our people to continue to deliver higher value-added services. Despite changes to our internal operating processes throughout the year we

continued to achieve growth and deliver true financial gains. As these processes mature, we will identify more opportunities to grow our business by better serving our customers.

Our objective this year was to reposition ATB in the minds of our customers and non-customers alike as a real alternative to Albertans for financial solutions. We set out to strengthen ATB's balance sheet and deliver excellent financial results. We have more than achieved our goal.

ATB had an outstanding year. Financially our focus was to meet our operating plan for earnings and growth, realize one-time gains and complete the transition of former non-performing loans to performing status. We have done that.

ATB's Asset Recovery team just completed its most successful year. Our ability to recover loans and restructure previously non-performing accounts was supported by excellent management and a strong economy. ATB also benefited from a reserve reduction associated with the Group Creditors' Life Insurance Program; a reduction in pension liability; interest received on past impaired loans; and the sale of share options held by ATB; which collectively increased earnings by $48.9 million.

ATB recorded net earnings of $228.5 million for the year ended March 31, 2000. Excluding non-recurring gains of $48.9 million, and significant recoveries of loan losses and allowances of $74.0 million, earnings were $105.6 million compared to $83.2 million last year. This shows how far ATB has come since the early 1990s when earnings after loan losses were in the range of $22.0 million.

In three short years, ATB has gone from a deficit position of $152.0 million to positive retained earnings of $272.6 million.

The past three years have been a period of growth and change for ATB. We have made enormous strides positioning the organization as a serious competitor in the financial services market in Alberta. Our plans for 2000-2001 are to continue what we started. We will continue to add new customer-driven products and services. We will be looking at additional processes that can be better offered through centralized administration. We will continue to focus on marketing initiatives in urban centers. We will continue to improve our branch and agency network in the rural marketplace. These initiatives will foster growth and change at ATB. However, the one thing that will not change is the attitude that has built ATB from its modest beginnings. We are here for you – our customers – and you can count on us. This is the tie that binds us to the fabric of this great province and will let ATB continue to be a forceful part of the Alberta landscape into the future.

I want to thank again all of my ATB associates and ATB's Board of Directors who have made this year so successful.

Paul G. Haggis

Paul G. Haggis
President & Chief Executive Officer
May 31, 2000

FROM THE OUTSIDE LOOKING IN MICHAEL MAHER

ATB IS A JEWEL IN THE ALBERTA BUSINESS CROWN. AS A FINANCIAL INSTITUTION, IT IS UNIQUELY POSITIONED TO ADDRESS AND MEET THE NEEDS OF INDIVIDUALS AND BUSINESSES IN ALBERTA. IN FACT, ATB PRESENTS A LEVEL OF QUALITY IN ITS PRODUCTS AND SERVICES AS WELL AS A SOUNDNESS OF THINKING AROUND ITS STRATEGY THAT WOULD POSITION ATB AS CAPABLE OF BECOMING A SUPER-REGIONAL FINANCIAL ENTERPRISE.

Michael Maher is an entrepreneur and academic who most recently served as Dean of the Faculty of Management at the University of Calgary from 1981 to 1999. He sits on the boards of a number of Alberta corporations.

There are a number of characteristics that distinguish ATB in the unique regional role that it can play. Today, for example, ATB is addressing the specific needs of Alberta's rural economy in a way that the major national banks are not. At the same time as the major banks are reducing their services to rural communities, ATB is expanding with a different paradigm and a different approach. Through its agency system, ATB is reaching into the heart of the agricultural community and finding customers with a need for financial services and support. These are strategic needs that cannot afford to be overlooked by the financial services network in the province. ATB has recognized them, and is pursuing them aggressively.

The significance of this rural role goes well beyond the customer service relationships that are being forged. By gaining the trust and the financial deposits of the rural economy, ATB plays an important investment distribution role in the province. ATB is able to invest those assets in a multiplicity of ways, at the same time creating for itself a balanced risk portfolio. ATB's loan portfolio becomes, in effect, a mirror of the Alberta economy, with all its strengths and opportunities for growth. As recent surveys have confirmed, this economy continues to be ranked as the fastest growing in Canada. What an enviable asset base for a financial institution to have.

ATB is not standing still. I am impressed by the progressive approach they are taking to introducing new models of delivering products and services. They are making inroads in the major Edmonton and Calgary markets. In a world where customers are demanding more, better and faster service delivery, ATB is right there offering competitive modern technology and environments. While it may be local and regional in market definition, ATB in every other way has the caliber of products, services and people that compares to any financial institution beyond the borders of Alberta.

a day in the life:

EVERY DAY OVER 2,500 OF THE PEOPLE WHO WORK FOR ATB COMMIT TO PROVIDE OUR CUSTOMERS WITH PERSONALIZED FINANCIAL SERVICES. WE KNOW OUR CUSTOMERS RELY ON US TO HELP THEM NAVIGATE THROUGH THE COMPLEX WORLD OF FINANCIAL SERVICES. IN RETURN WE PROVIDE CONVENIENT, FRIENDLY ACCESS TO COMPETITIVE PRODUCTS AND SERVICES THAT MEET THEIR NEEDS SIMPLY, EFFECTIVELY AND CONSISTENTLY.

THIS ANNUAL REPORT CELEBRATES THESE DAILY COMMITMENTS BETWEEN ATB AND OUR CUSTOMERS. IN EARLY MAY 2000, SIX ALBERTA PHOTOGRAPHERS CAPTURED ATB AT WORK IN VARIOUS LOCATIONS ACROSS THE PROVINCE. THROUGH THEIR LENSES WE FOCUSED ON OUR THREE TARGET MARKETS - INDIVIDUAL FINANCIAL SERVICES, INDEPENDENT BUSINESS AND AGRI-INDUSTRY. THESE IMAGES CAPTURE THE CONTRIBUTIONS THAT ATB MAKES TO ALBERTANS EVERY DAY AND THEIR STORIES REPRESENT THE VALUE WE PROVIDE THROUGHOUT THE YEAR.

AS THE ALBERTA ECONOMY CONTINUES TO PROSPER, ALBERTANS NEED FINANCIAL PRODUCTS AND SERVICES TO ADD VALUE TO THEIR DAILY LIVES. ATB IS COMMITTED TO HELPING ALBERTANS SUCCEED FINANCIALLY, PROVIDING CUSTOMERS WITH COMPETITIVE PRODUCTS AND SERVICES TO PREPARE FOR THEIR EXISTING AND FUTURE FINANCIAL REQUIREMENTS.

During the fiscal year, several key additions were made to our retail products portfolio. Our Registered Education Savings Plans (RESP) were expanded in the summer of 1999. ATB provided the necessary product and sales training for our staff, allowing them the opportunity to offer an easier way for customers to save for their children's education. The RESP product line was well received and initial sales have exceeded $7 million.

Our Retirement Income Fund (RIF) product line was also enhanced during the fiscal year. We streamlined our product offering and created a comprehensive RIF guide that provides a simple explanation of this product. This product line provides our customers with greater choice and flexibility to achieve their retirement goals.

In January 2000, a number of focus groups were held with existing customers to review ATB's chequing and savings account offerings. As a result, changes are being made to our accounts to offer our customers more choice and more value. Customers will have a broader choice of accounts to choose from, at a price they are willing to pay, based upon their individual needs. In conjunction with these new accounts, a new retail Internet package will be introduced this fall that will allow customers added electronic functionality and convenience.

A number of new deposit products are also planned for the year ahead, including a unique Alberta GIC program for the fall investment season.

Many of our customers have asked for a travel rewards component to complement our expanded line of Alberta MasterCard offerings. A reward program that will allow cardholders to earn and redeem points based on purchases toward airline, hotel and rental car travel will be introduced in November 2000.

ATB will continue to develop products for our customers that ensure their dreams of a secure retirement, owning their first home, or financing their children's education, become a reality. We know our customers are unique and our goal is to provide products that not only meet, but exceed their needs. We pride ourselves on developing Alberta products, built for Albertans.

a day in the life:

NEW PRODUCTS AND SERVICES

RETAIL MASTERCARDS

- Alberta Gold Card MasterCard offers a cash rebate
- Alberta Advantage MasterCard offers a line of credit
- Since being introduced in the summer of 1999, the number of new ATB MasterCards has almost doubled

GUARANTEED INVESTMENT CERTIFICATE (GIC)/RETIREMENT SAVINGS PLAN (RSP)

- Springboard GIC provides an increasing interest rate on each anniversary year; and is available in three and five-year terms
- Springboard RSP was launched in time for the RSP season in January 2000
- 2-year Variable GIC offers a high rate of interest with the advantage of a floating prime interest rate

EQUITY-LINKED PRODUCTS

- Western Canadian Equity GIC/RSP linked to the growth of 15 Western Canadian-based companies
- Pipeline GIC/RSP linked to the growth of the oil and gas industry
- Both products are unique to ATB and complement existing products

RETIREMENT SAVINGS BUILDER ACCOUNT

- Offers customers an affordable and easy way to save for their retirement
- When the account balance reaches $500, customers can choose from several guaranteed investment options

MORTGAGE PRODUCTS

- Millennium Mortgage offers a low introductory rate of five percent for the first of a 5.5-year closed term
- Lower than Prime is a five-year closed mortgage with a variable rate guaranteed to be lower than the prime lending rate
- Half Your Rate is a 5.5-year mortgage offered at the current five-year rate where the rate paid is cut in half for the first six months
- Best of Both Mortgage provides a three or five-year closed term with a low rate of interest adjusted every six months to the going rate, capped at the existing three or five-year closed term rate

Cecile Shewfelt has worked with ATB for over 20 years. She is currently a Personal Financial Services Officer at the Hinton Branch.

Murray Cowan has been an ATB employee since 1973. Since 1992, he has been Branch Manager at Provost.

A resident of Hinton for over 20 years, Don Landry is a strong community supporter and a respected businessman. Don is a realtor with ReMax, working with commercial and residential clients to satisfy their real estate needs. As a service provider, Don is well aware of the value of getting the right advice and the best service. That is why he values his relationship with ATB.

For over 30 years, Don has relied on ATB for financial advice on his personal financial needs and to help manage his investments. In return, Don is a vocal advocate of ATB's products and services, referring many of his clients to ATB.

When Cecile Shewfelt moved to Hinton, Don Landry was her realtor, finding her the right house in the right location. She valued his honesty and hard work. In return, Cecile provides Don with efficient and valuable financial services and advice.

Dr. Ian Goodbrand is a veterinarian in Provost. In any day at his Border Veterinary Services clinic, Dr. Goodbrand will spend the morning seeing the cats and dogs of local pet owners and the afternoon working with cattle and horses on Provost's surrounding farming operations. As a country veterinarian, his typical day is diverse and demanding.

Dr. Goodbrand has been a client of the Provost ATB branch since 1992, for his personal financial needs like savings and chequing accounts. In addition to his veterinarian practice, he is a rancher in the Youngstown area and prospers through ATB's specialized agri-industry products.

Murray Cowan works closely with Dr. Ian Goodbrand, assisting him with financial advice for his veterinarian clinic as well as his ranching operation. Murray enjoys Ian's easy-going nature and finds personal satisfaction in seeing his business grow.

ATB AT WORK: INDEPENDENT BUSINESS

SMALL AND MEDIUM-SIZED BUSINESSES ARE VITAL CONTRIBUTORS TO GROWTH IN ALBERTA TODAY. THE ENTREPRENEURIAL ENDEAVOURS OF ALBERTA-BASED BUSINESSES ARE THE BACKBONE OF MANY COMMUNITIES. THESE BUSINESSES RELY ON ATB'S SPECIALIZED BUSINESS PRODUCTS AND SERVICES.

Loans and deposits of ATB's independent business customers continue to grow at record levels. We have increased our market share in the independent business sector this year, a sector which contributed 36 percent of Alberta's Gross Domestic Product (GDP) and 27 percent of the province's total sales revenues of over $30 billion.

During fiscal 2000, we expanded our selection of independent business products and invested in several initiatives to improve the quality of our services to this client base. Dedicated relationship management teams have been developed to work closely with many of our 20,000 independent business customers.

Future developments to expand our services include new business accounts providing flat fees, pay as you go, and electronic options. These accounts are scheduled to be launched in the fall of 2000 and will offer our business customers simple, easy-to-understand account fees, customized to each customer and the way they prefer to bank, such as in-branch, by Internet, or by ABMs.

The first ATB Business Financial Services Centre will open in Calgary in August 2000. This is a pilot project where we provide business customers access to a state-of-the-art facility focused on their business and personal needs. The Centre will be a compact, automated, secure facility located in the heart of a densely populated business area. Services include a 24-hour, full-service kiosk for automated business banking and a Business Service Centre open 7 to 7, Monday to Friday with meeting rooms, training facilities, video-conferencing, and Internet access. Included in this concept is a Business Sales team office that places ATB's Relationship Managers and Account Managers closer to their customers. Once the concept is tested and refined, similar centres may be opened in Edmonton, Lethbridge, Red Deer, Grande Prairie and Medicine Hat.

ATB understands the importance of encouraging the growth of small and medium-sized businesses in Alberta. Our business clients look to ATB to provide them with the latest financial information to improve their returns. We help them understand the exciting new world of eCommerce, such as electronic funds processing and the impact it is having on business to business processes such as invoicing, bill payment, cash management, payment acceptance and payroll.

NEW PRODUCTS AND SERVICES

BUSINESS MASTERCARD

- Designed to offer a convenient alternative to operating loans
- Over 5,000 cards have been issued since the introduction in June 1999

ATB ONLINE BUSINESS FINANCIAL SERVICES

- New Internet cash management system
- Pilot and roll-out commenced in January 2000

CITIBANK MERCHANT VISA PROGRAM

- Offers merchants the convenience of having both Visa and MasterCard transactions deposited into one account
- Since being introduced in early 1999, over 2,000 accounts have been opened

a day in the life:

Sonia Nicas lives in Lethbridge where she has worked with ATB for 24 years. She is an Account Manager, Independent Business/Commercial.

Paul Spiller has worked with ATB since 1985. He is a Senior Relationship Manager out of the Edmonton Corporate Office.

Colleen Wintermute established TNS Business Centre, a 24-hour telephone answering and paging service in Lethbridge, in December 1990. In September 1991 she approached ATB to establish a revolving line of credit that over the years has supported sales growth from $90,000 to $1,000,000. With several outstanding entrepreneurship, sales, and customer service awards, Colleen spoke at a recent federal small business information seminar. Colleen said that if it was not for the faith shown in her by her ATB account manager, she would not be where she is today. As a demonstration of her loyalty to ATB, Colleen has referred clients and family members to ATB. Recently, ATB assisted TNS with a loan for new equipment. This equipment is the first of its kind in Canada helping to further expand Colleen's business and staffing.

Sonia Nicas values the interaction with her clients and her co-workers. She has developed a good rapport with her client Colleen Wintermute over the years that they have worked together, fostering a trusting and communicative relationship.

In 1978, Brian and Craig Banks joined their father Jack, a pioneer in the oil industry, to launch Jade Drilling, a Nisku-based oil and gas drilling contractor. Today, the operation has grown to 10 drilling rigs and 160 employees, serving industry customers across Alberta as well as throughout the Western Canadian Sedimentary Basin.

Jade Drilling has been a client of ATB since 1991, with five of the ten drilling rigs added since then. ATB services that assist Jade Drilling in their daily operations include Internet banking services, direct deposit services and revolving/term loan credit facilities. Jade Drilling considers ATB a partner rather than simply its financial institution.

Paul Spiller is proud of ATB's ability to facilitate the growth of its customers' businesses. As Jade Drilling grows, they continue to rely on ATB's products and services to support their business.

ATB AT WORK: AGRI-INDUSTRY

THE AGRICULTURAL INDUSTRY HAS BEEN A SIGNIFICANT CONTRIBUTOR TO ALBERTA'S ECONOMIC GROWTH THROUGHOUT THE HISTORY OF THIS PROVINCE. ATB RECOGNIZES THE VALUE OF A PROSPEROUS AGRICULTURAL INDUSTRY IN ALBERTA AND STEADILY SUPPORTS THIS SECTOR. ATB CONTINUES TO MAINTAIN A PREDOMINANT MARKET SHARE POSITION IN THE AGRI-INDUSTRY IN ALBERTA.

ATB continued to focus on developing new products and services for the agri-industry during the fiscal year. One product in particular, the fixed rate loan program offers flexibility, adding options for seven or ten year repayment terms, and is an innovative product in the market.

One of our recent initiatives was the development of "agri-industry relationship teams" with the overall objective of further enhancing customer relationships at ATB. Each team is made up of relationship managers and account managers, supported by agrologists and business development managers who ensure broad and consistent agricultural expertise is available to our customers throughout Alberta. These teams are well suited to provide proactive delivery of agri-industry products and advice to our customers.

ATB established a program to develop a pool of high quality trainees to ensure we can respond to the growing needs of our agri-industry customers. In 1999, we hired a number of graduates from various universities and colleges, and plans are to continue this program into the future.

In January 2000, we added a professional forestry specialist to our team, making ATB one of the few financial institutions in Alberta with dedicated focus on the forestry sector. This specialist will serve as a valuable resource for our existing customers, broadening our overall understanding of the forestry sector and enhancing our services to better meet this sector's future needs.

ATB recognizes the needs of its agri-industry customers are changing and develops specialized products and services to meet their needs. In 2000, ATB plans to grow its market share in this sector through the development of new and innovative products and services. A full range of new business accounts will be introduced specifically designed to meet the unique needs of the agri-industry. Customers will have the option of customizing their accounts through the addition of features, such as Internet banking, cheque return, and overdraft protection. Our suite of NISA GICs for agri-industry customers will also be expanded.

NEW PRODUCTS AND SERVICES

AGRI-BUSINESS MASTERCARD

- ATB is the only major financial institution to have a credit card specifically designed for the agri-industry
- A convenient low cost alternative to agriculture operating loans
- Over 1,500 cards issued in our first year

AGRI-PLAN

- Offers a flexible line-of-credit with a streamlined renewal process
- Since the program was introduced in November 1999, some 22 of these types of loans were authorized
- ATB added three new associations to this program during the year
- Increased the authorized amount by 191 percent and the amount outstanding by 170 percent

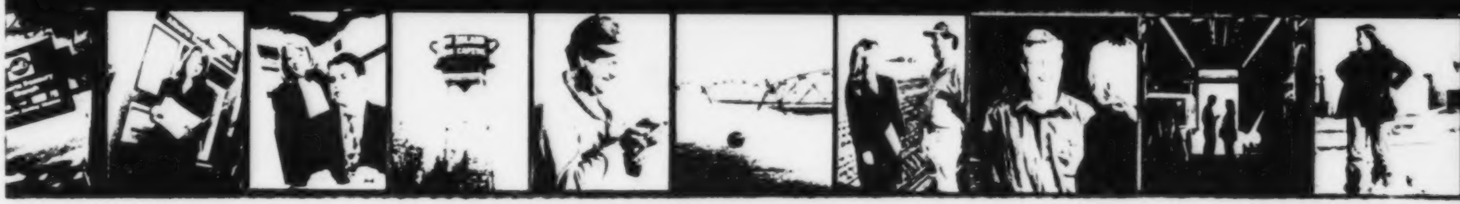
a day in the life:

Working with ATB since 1978, Arlene Collins is the Branch Manager at the Bow Island branch.

Employed with ATB for 24 years at various locations throughout Alberta, Myrna Wilson has reached her professional goal of working at a large agricultural branch. Myrna is the Branch Manager in Ponoka.

In 1940 George Thacker started a traditional farming operation at his Bow Island farm, homesteaded by his parents in 1919. Today, George's sons carry on this family business growing spearmint, coriander, dill and catnip. The three brothers have evolved the business into a value-added, non-traditional operation, establishing their own distillery to extract essential oils and selling most of their product to the United States. This business expansion has increased revenue and gross profit margin. Today the operation derives over 65 percent of its revenues from the production and distillation of essential oils.

A client of ATB since 1981, George Thacker Sons worked with ATB to secure the financial backing for the expansion of their business from a traditional crop-based business to a value-added supplier of essential oils. Today, George Thacker Sons uses numerous ATB services including loans, business internet banking, deposit services, international banking services and investments to benefit their business operations.



Born and raised in the Bow Island area, Arlene Collins has a long-standing relationship with the Thacker family. Arlene works to provide the best financial products and services for George Thacker Sons.

Every Wednesday, Vold Jones Vold holds one of Canada's largest livestock auctions in Ponoka, known as the "Cattle Capital of Canada". This auction caters to 40 buyers representing every major feed lot and packing plant in North America. In addition, this three-ring auction market holds approximately 25 Saturday sales throughout the year and provides satellite auction services for all of Canada, Montana, Idaho and Washington.

In 1957, the Vold family purchased the auction market and grew the business into an operation with 70 employees. Growing up around his father's business, Blair Vold is now a partner and in charge of the day-to-day operations. A client since 1960, ATB has helped Vold Jones Vold with agri-industry products such as the Feeder Finance line of credit. With this product, the auction market can provide one-year financing to help its customers purchase and sell livestock.

Myrna Wilson works with Ralph and Blair Vold, providing financial advice for their family livestock auction business. Myrna has developed a respect and understanding of the Vold family, as clients and fellow community members.


Hinton
Alberta
ATB·4 U
we believe in Alberta

ATB: FOR THE YEAR ENDED MARCH 31, 2000: MANAGEMENT'S DISCUSSION AND ANALYSIS

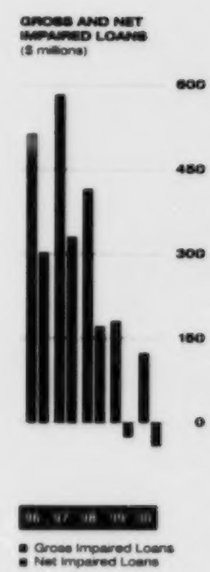
CAUTION REGARDING FORWARD LOOKING STATEMENTS

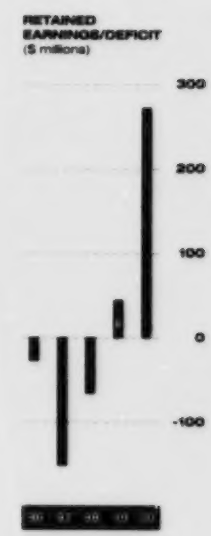
This report includes forward looking statements. ATB from time to time may make forward looking statements in other written or verbal communications. These statements include objectives for the short and medium term and strategies to achieve those objectives. ATB cautions readers not to place undue reliance on the forward looking statements as actual results may differ materially from plans, objectives and expectations.

By their very nature forward looking statements involve uncertainties and can change due to a variety of reasons including legislative or regulatory changes, competition, technological changes, and changes in interest rates and general economic conditions. The foregoing list is not exhaustive and when relying on forward looking statements these factors as well as other factors should be considered.

INTRODUCTION AND HIGHLIGHTS

ATB had an outstanding year, reporting net earnings of $228.5 million compared to the prior year's earnings of $110.7 million. As at March 31, 2000 retained earnings were $272.6 million. This compares to $44.1 million a year ago and a deficit of $66.5 million two years ago. The elimination of the deficit and the strong growth in retained earnings over the last two years provides a solid foundation for ATB to succeed as a regional financial institution.





Included in the current year's results are several non-recurring or exceptional items that should be considered when assessing ATB's performance. To reflect results that are more indicative of future performance the discussion that follows focuses primarily on core results. Core earnings for the year ended March 31, 2000 are $179.6 million as follows:

TABLE 1 - CORE EARNINGS

FOR THE YEARS ENDED MARCH 31

($ in thousands)	2000	1999	1998	1997	1996
REPORTED NET EARNINGS	**$ 228,490**	$ 110,692	$ 85,434	$ (124,330)	$ 36,019
EXCEPTIONAL ITEMS:					
Net interest income					
Interest received on past impaired loans	**26,137**	-	-	-	-
Other income					
Sale of share options held by ATB	**4,950**	-	-	-	-
Surplus from a Group Creditors' Life Insurance Program	**9,525**	-	-	-	8,400
	14,475	-	-	-	8,400
Other expenses					
Reduction in pension liabilities	**8,293**	3,385	7,005	5,119	(2,076)
Restructuring costs	-	(5,003)	(9,531)	(22,175)	-
	8,293	(1,618)	(2,526)	(17,056)	(2,076)
Total exceptional items	**48,905**	(1,618)	(2,526)	(17,056)	6,324
Core Earnings	**$ 179,585**	$ 112,310	$ 87,960	$ (107,274)	$ 29,695

A detailed description of the exceptional items is provided in the relevant section of management's discussion and analysis.

ATB's core earnings of $179.6 million include a decrease in the general loan loss allowance of $28.5 million and specific loan loss recoveries of $45.5 million. By excluding loan loss recoveries and charges not expected to reocurr, ATB's core earnings after loan losses would have been $105.6 million, compared to $83.2 million last year.

During 2000, improvement was evident in virtually all aspects of ATB's operations as reflected in our key performance measures.

TABLE 2 – KEY PERFORMANCE MEASURES

AS AT MARCH 31	2000 *Core %	2000 Actual %	2000 Budget %	1999 Actual %	1998 Actual %	**Industry Average %
Operating revenue growth	6.86	18.11	4.18	14.04	3.45	13.36
Net interest margin	3.07	3.33	2.91	3.16	2.92	1.83
Net interest spread on average earning assets	3.17	3.44	3.00	3.24	3.00	2.12
Other income to operating revenue	20.76	22.17	22.32	20.53	20.67	50.50
Expenses to operating revenue	64.29	56.23	67.02	68.29	74.33	66.07
Return on assets	1.80	2.29	0.94	1.22	0.99	*** 1.03
Operating expense growth	1.27	(2.76)	1.23	4.77	1.42	10.30
Net impaired loans to total gross loans	(0.46)	(0.46)	-	(0.30)	2.23	(0.16)
Credit losses to average loans	(0.49)	(0.49)	0.35	0.05	(0.06)	0.38
Loan growth	****10.52	11.05	9.41	7.73	2.18	0.84
Deposit growth	10.00	10.00	12.01	3.39	3.78	4.05
Asset growth	12.39	12.39	13.45	5.26	4.14	(0.42)

* *Core result performance measures exclude the impact of exceptional items, as described in Table 1.*

** *Average of eight major banks as at October 31, 1999.*

*** *Industry average before tax.*

**** *For an explanation of the difference between core and actual loan growth refer to Table 17 on page 48.*

REVENUE

Operating revenue includes net interest income and other income.

The increase in core operating revenue of 6.86 percent over 1999 exceeded ATB's objective for the year of 4.18 percent. Growth in the loan portfolio, combined with continued high net interest margins were the primary contributors to the increase.

Total operating revenue, including exceptional items increased $65.4 million.

NET INTEREST INCOME

Net interest income includes interest earned on total assets, including loans to customers, deposits with banks and securities, less the interest expense incurred on deposits and other liabilities.

Net interest income in 2000 increased by $44.9 million to $331.9 million. Included in net interest income in 2000 is $26.1 million received from the sale of assets held as security on past impaired loans. As a result of the impaired status of the loans, the interest owed was not reported until actually received.

Excluding this interest recovery, net interest income in 2000 was $305.8 million, an increase of 6.55 percent over 1999. The increase in net interest income was driven primarily by the growth in average interest earning assets of $807.0 million, partially offset by a reduction in the core net interest margin of 0.09 percent to 3.07 percent.

The net interest margin is the ratio of net interest income to average assets.

The decrease in the net interest margin was caused largely by strong competition for deposits and loans in the market place.

ATB's core net interest margin at 3.07 percent remains considerably higher than the industry average of 1.83 percent. There are three main reasons for the higher margin: ATB does not service the large corporate market, which tends to yield lower returns; ATB has lower liquidity needs than the major Canadian banks; and ATB maintains a strong retail deposit base.

TABLE 3 - AVERAGE BALANCES AND CORE AVERAGE INTEREST RATES

AS AT MARCH 31 ($ in thousands)	2000 Average Balances	2000 Mix (%)	2000 Interest Rate (%)	2000 Core Interest	1999 Average Balances	1999 Mix (%)	1999 Interest Rate (%)	1999 Core Interest
ASSETS								
Deposits with other banks and securities	$ 1,200,943	12.05	4.95	$ 59,486	$ 1,238,545	13.63	5.09	$ 63,071
Loans								
Mortgage loans	3,488,332	34.99	6.47	225,800	3,057,074	33.64	6.66	203,702
Consumer loans	1,261,526	12.66	8.19	103,293	1,124,352	12.37	8.14	91,566
Other loans	3,706,005	37.18	7.80	289,025	3,429,800	37.74	7.94	272,245
Total loans	8,455,863	84.83	7.31	618,118	7,611,226	83.75	7.46	567,513
Total earning assets	9,656,806	96.88	7.02	677,604	8,849,771	97.38	7.13	630,584
Non-interest bearing assets	311,322	3.12	-	-	237,864	2.62	-	-
	$ 9,968,128	100.00	6.80	$ 677,604	$ 9,087,635	100.00	6.94	$ 630,584
LIABILITIES AND EQUITY								
Deposits								
Demand	$ 1,625,440	16.31	1.01	$ 16,349	$ 1,618,775	17.81	1.04	$ 16,762
Notice	1,358,743	13.63	1.94	26,410	1,430,679	15.74	2.16	30,882
Fixed term	6,599,264	66.20	4.98	328,802	5,840,603	64.27	5.07	296,008
Total deposits	9,583,447	96.14	3.88	371,561	8,890,057	97.82	3.87	343,652
Non-interest bearing liabilities	246,345	2.47	-	-	211,467	2.33	-	-
Subordinated debenture	5,784	0.06	5.34	309	-	-	-	-
Equity (deficit)	132,552	1.33	-	-	(13,889)	(0.15)	-	-
	$ 9,968,128	100.00	3.73	$ 371,870	$ 9,087,635	100.00	3.78	$ 343,652
Core net interest margin	$ 9,968,128		3.07	$ 305,734	$ 9,087,635		3.16	$ 286,932
Core net interest spread	$ 9,656,806		3.17	$ 305,734	$ 8,849,771		3.24	$ 286,932

TABLE 4 - CHANGE IN NET INTEREST INCOME

FOR THE YEARS ENDED MARCH 31 ($ in thousands)	2000 vs 1999 Increases (decreases) due to changes in Volume	Rate	Total	1999 vs 1998 Increases (decreases) due to changes in Volume	Rate	Total
ASSETS						
Deposits with other banks and securities	$ (1,915)	$ (1,670)	$ (3,585)	$ 8,302	$ 15,735	$ 24,037
Loans						
Mortgage loans	28,736	(6,638)	22,098	20,769	(3,298)	17,471
Consumer loans	11,171	556	11,727	2,838	9,266	12,104
Other loans	21,924	(5,144)	16,780	(6,602)	37,778	31,176
Total loans	61,831	(11,226)	50,605	17,005	43,746	60,751
Change in core interest income	$ 59,916	$ (12,896)	$ 47,020	$ 25,307	$ 59,481	$ 84,788
LIABILITIES AND EQUITY						
Deposits						
Demand	$ (69)	$ 482	$ 413	$ (597)	$ (6,201)	$ (6,798)
Notice	1,553	2,919	4,472	1,034	(11,269)	(10,235)
Fixed term	(38,450)	5,656	(32,794)	(15,014)	(16,962)	(31,976)
Total deposits	(36,966)	9,057	(27,909)	(14,577)	(34,432)	(49,009)
Subordinated debenture	(309)	-	(309)	-	-	-
Change in interest expense	(37,275)	9,057	(28,218)	(14,577)	(34,432)	(49,009)
Change in core net interest income	$ 22,641	$ (3,839)	$ 18,802	$ 10,730	$ 25,049	$ 35,779
Exceptional interest income			26,137			-
Change in net interest income			$ 44,939			$ 35,779

OTHER INCOME

Other income of $94.6 million includes $9.5 million relating to a Group Creditors' Life Insurance Program that is offered to ATB's loan customers. Industry standards require such programs to maintain a claims fluctuation reserve. A review of the program completed during the year concluded that as a result of a change in industry standards, the claims fluctuation reserve could be safely reduced and the resulting surplus recognized. Also included in other income is $5.0 million relating to the sale of share options received as part of a loan restructuring completed in a previous year. Other income, excluding the $14.5 million in exceptional items, is $80.1 million, an increase of 8.05 percent over the $74.1 million in 1999.

Excluding exceptional items, ATB's ratio of other income to operating revenue was 20.76 percent in 2000, compared to 20.53 percent in 1999. Management's objective was to increase the ratio to 22.32 percent in the year. ATB continues to develop systems to ensure that its service charges and fees are properly valued to fairly compensate for the service provided.

ATB's ratio of other income to operating income is significantly less than that of major Canadian banks as ATB is not involved in activities that generate fees resulting from trading, investment banking and brokerage activities.

TABLE 5 – OTHER INCOME

FOR THE YEARS ENDED MARCH 31

($ in thousands)	2000	1999	1998	1997	1996
Business service charges	$ 13,070	$ 12,016	$ 12,544	$ 12,619	$ 11,393
Retail service charges	25,517	23,717	19,769	18,950	17,199
Credit fees	17,508	16,200	14,515	16,762	16,475
Commission and other income	13,149	11,280	8,439	7,855	7,845
Card revenue	7,182	5,980	5,522	4,935	3,982
Foreign exchange	3,659	4,927	4,657	4,949	4,887
Core other income	$ 80,085	$ 74,120	$ 65,446	$ 66,070	$ 61,781
Exceptional income	14,475	-	-	-	8,400
Total	$ 94,560	$ 74,120	$ 65,446	$ 66,070	$ 70,181

ATB EXPECTS ITS RATE OF REVENUE GROWTH TO SLOW MARGINALLY IN 2001. AS ATB CONTINUES TO INCREASE MARKET SHARE IN ITS CORE TARGET MARKETS OF INDIVIDUAL FINANCIAL SERVICES, INDEPENDENT BUSINESS AND AGRI-INDUSTRY, COMPETITION IN THE MARKET PLACE WILL PUT PRESSURE ON BOTH NET INTEREST MARGINS AND FEE REVENUE.

NON-INTEREST EXPENSES AND PRODUCTIVITY

TABLE 6 – NON-INTEREST EXPENSES

FOR THE YEARS ENDED MARCH 31

($ in thousands)	2000	1999	1998	1997	1996
Human resources	$ 121,659	$ 126,238	$ 130,387	$ 118,680	$ 118,341
Occupancy	29,213	30,051	33,677	32,049	29,269
Equipment and software	9,463	10,706	13,919	15,525	16,087
Communication	10,286	10,923	10,752	9,775	8,657
Information technology	40,872	34,024	21,269	16,628	14,435
ATB agencies	4,329	4,353	4,279	3,738	3,513
Marketing and supplies	11,030	11,398	8,882	8,584	8,088
Deposit guarantee fee	9,925	7,519	-	-	-
Other	11,279	9,743	9,647	10,000	4,953
Core non-interest expenses	248,055	244,955	232,812	214,979	203,343
Unfunded pension liability	(8,293)	(3,385)	(7,005)	(5,119)	2,076
Restructuring costs	-	5,003	9,531	22,175	-
Total exceptional items	(8,293)	1,618	2,526	17,056	2,076
Total non-interest expenses	$ 239,762	$ 246,573	$ 235,338	$ 232,035	$ 205,419
Year over year change					
Core non-interest expenses	1.27%	5.22%	8.30%	5.72%	5.55%
Total non-interest expenses	(2.76%)	4.77%	1.42%	12.96%	4.63%

Non-interest expenses of $239.8 million include a recovery of $8.3 million resulting from the elimination of ATB's unfunded pension liabilities in 2000. In previous years, ATB participated in the Management Employees Pension (MEPP) defined benefit plan. ATB's non-management staff participate in the Public Service Employees Pension defined benefit plan. As a result of insufficient past contributions, the plans had unfunded liabilities. Based on legislation enacted in 1993, ATB recorded its share of the unfunded liabilities which required employers participating in the plans to make additional contributions toward the unfunded liabilities. The pension plans made significant market gains over the last few years resulting in ATB recognizing those market gains in 1997 through to 1999. In 2000, ATB withdrew from the MEPP and provided its own pension plan for management employees with equivalent benefits and entitlements. The value of the assets transferred from the MEPP eliminated the remaining unfunded pension liability.

Non-interest expenses excluding the reduction in pension liabilities were $248.1 million in 2000. This represents an increase of 1.27 percent over the previous year. The main elements of the change were an increase in information technology costs of $6.8 million, an increase in the deposit guarantee fee of $2.4 million and a reduction in human resource costs of $4.6 million. Increases in information technology costs relate to new systems under development. These systems include an automated credit scoring and workflow process, an Internet-based cash management system for independent business customers, the establishment of a customer contact centre, and a new information system for recording and tracking impaired loans.

The deposit guarantee fee is payable annually to the province to compensate for the unlimited principal and interest guarantee provided by the provincial government to ATB's depositors. First introduced in 1999, the fee is being phased in over a six-year period. The base fee is calculated on total deposits outstanding at March 31. In 1999, the fee was equal to 50.00 percent of the base and increases by 10.00 percent of the base amount each year until March 31, 2004.

Human resources includes all salaries and employee benefits, internal and external training costs, and relocation costs. Human resource costs decreased by $4.6 million in 2000 as a result of staff reductions partly offset by salary increases. Full-time equivalent staff positions reduced by 165 in the branch network resulting from the centralization and outsourcing of services together with a voluntary separation program, and 112 in information technology as a result of the outsourcing to IBM Canada Ltd.

The centralization and outsourcing of services initiated were the major reason for the increase in information technology costs and the reduction in human resources costs for fiscal 1999.

TABLE 7 – MAJOR COMPONENTS OF CHANGE IN CORE NON-INTEREST EXPENSES

FOR THE YEARS ENDED MARCH 31	Contribution to change in core non-interest expenses			
	2000		1999	
($ in thousands)	$	%	$	%
Information technology	$ 6,848	2.80	$ 12,755	5.48
Equipment and software	(1,243)	(0.50)	(3,213)	(1.38)
Human resources	(4,579)	(1.87)	(4,149)	(1.78)
Deposit guarantee fee	2,406	0.98	7,519	3.23
Other	(332)	(0.14)	(769)	(0.33)
Change in core non-interest expenses	$ 3,100	1.27	$ 12,143	5.22

PRODUCTIVITY

The productivity ratio is the ratio of non-interest expenses to operating revenue and measures the amount that was spent for every dollar of net interest and other income earned.

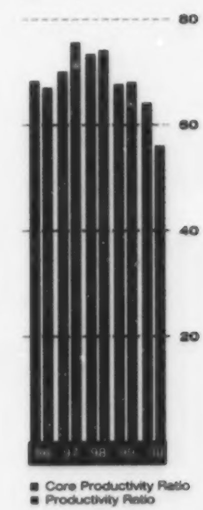
ATB's core productivity ratio of 64.29 percent compares favourably to both the industry average and ATB's objective for the year of 67.02 percent.

TABLE 8 – PRODUCTIVITY

FOR THE YEARS ENDED MARCH 31 ($ in millions)	2000	1999	1998	1997	1996
Core operating revenue	$ 386	$ 361	$ 317	$ 306	$ 297
Total operating revenue	426	361	317	306	305
Core non-interest expenses	248	245	233	215	203
Total non-interest expenses	240	247	235	232	205
Core productivity ratio	64.29%	67.85%	73.54%	70.24%	68.45%
Productivity ratio	56.23%	68.29%	74.33%	75.82%	67.24%

ATB ANTICIPATES THE PRODUCTIVITY RATIO IN 2001 TO REMAIN RELATIVELY UNCHANGED FROM THE CORE RATIO OF 64.29 PERCENT.

CORE PRODUCTIVITY AND PRODUCTIVITY RATIO (%)



CREDIT QUALITY

The key measures used to assess credit quality are actual loan losses as a percentage of average loans and the ratio of impaired loans to total loans. The percentage of actual loan losses to average loans is a measure of financial performance, while the level of impaired loans is a measure of the financial condition of the credit portfolio.

ATB recorded a net recovery of loan losses of $41.8 million, compared to an annual provision for loan losses of $3.8 million in 1999. Gross impaired loans as at March 31, 2000 of $122.6 million are lower than the previous year by $56.9 million. As at March 31, 2000, ATB's allowance for credit losses, including specific and general loan loss allowances, exceeds gross impaired loans by $41.6 million. As a percentage of total loans, net impaired loans represents a negative 0.46 percent compared to a negative 0.30 percent at March 31, 1999.

IMPAIRED LOANS

ATB continued to recover on past problem loans in the current year. Assisted by Alberta's strong economy since 1997, ATB has been successful in returning a significant number of non-performing loans to performing status.

ATB's gross impaired loan portfolio peaked in 1997 at $582.0 million following an extensive review of the loan portfolio conducted by ATB's Chief Inspector's Office. The review was assisted by outside specialists. Any loan where there was doubt as to the timely collection of the full amount of principal or interest, was valued based on the present value of the anticipated cash flows. Following the review, an asset management team was established to manage the impaired loan portfolio and to maximize on potential recoveries. In 1998, for example, ATB was successful in reversing a loan loss allowance of about $33.0 million.

As at March 31, 2000, ATB has substantially completed its recovery efforts relating to non-performing loans identified in the 1997 review. In addition, new credit policies and procedures, and active management of higher risk loans has reduced ATB's incidence of new impaired loans. The effect has been a reduction in gross impaired loans of $56.9 million in the year.

TABLE 9 - GROSS AND NET IMPAIRED LOANS

AS AT MARCH 31

($ in millions)	2000	1999	1998	1997	1996
Gross impaired loans	**$ 122.6**	$ 179.5	$ 414.3	$ 582.0	$ 512.6
Less allowance for credit losses:					
Specific allowance	**52.6**	64.4	101.9	205.1	180.7
General allowance	**111.6**	140.2	140.7	46.1	28.9
	164.2	204.6	242.6	251.2	209.6
Net impaired loans	**$ (41.6)**	$ (25.1)	$ 171.7	$ 330.8	$ 303.0
Net impaired loans as					
% of total gross loans	**(0.46%)**	(0.30%)	2.23%	4.38%	3.86%

TABLE 10 - NET IMPAIRED LOANS BY MARKET SEGMENT

AS AT MARCH 31

($ in millions)	Gross impaired loans			Allowance for credit losses			Net impaired loans		
	2000	1999	1998	2000	1999	1998	2000	1999	1998
Individual financial services	**$ 19.1**	$ 19.8	$ 24.5	**$ 4.0**	$ 4.5	$ 6.0	**$ 15.1**	$ 15.3	$ 18.5
Agricultural	**43.5**	40.6	30.4	**5.8**	6.9	8.3	**37.7**	33.7	22.1
Independent business, commercial and other	**60.0**	119.1	359.4	**42.8**	53.0	87.6	**17.2**	66.1	271.8
General allowance				**111.6**	140.2	140.7	**(111.6)**	(140.2)	(140.7)
Total	**$ 122.6**	$ 179.5	$ 414.3	**$ 164.2**	$ 204.6	$ 242.6	**$ (41.6)**	$ (25.1)	$ 171.7

PROVISION FOR CREDIT LOSSES

Alberta's economy performed well in 2000. The economic growth is supported by major energy projects in the north, an increase in drilling activity and major construction projects, including office building construction in Calgary. With the population growth and net disposable income significantly greater than the national average, housing starts and retail sales have both shown strong increases. Even Alberta's agri-industry, although dampened by low commodity prices, performed well.

During 2000, ATB recovered $17.2 million on loans previously written off and $7.2 million in interest previously provided for on past non-performing loans. Specific loan loss provisions of $21.1 million were also reversed as past non-performing loans were either recovered or returned to performing status.

A reduction was also recognized in general allowances of $28.5 million. The reduction consisted of a decrease in the risk based general allowance of $17.3 million and a reversal of an allowance established in previous years to reflect the potential risk of credit loss associated with year 2000 issues as they related to ATB's customers. Excluding specific loan loss recoveries of $45.5 million and reductions in general allowances of $28.5 million, ATB's provision for credit losses in 2000 would have been $32.2 million or 0.35 percent of gross loans. This compares favorably with the current loan loss experience of the major Canadian chartered banks.

TABLE 11 – ANNUAL PROVISION FOR CREDIT LOSSES

FOR THE YEARS ENDED MARCH 31

($ in millions)	2000	1999	1998	1997	1996
Loans:					
Specific provision for credit losses	$ (16.6)	$ (40.6)	$ (98.8)	$ 181.2	$ 91.2
General provision for credit losses	(26.5)	(0.6)	94.6	17.1	(27.2)
Off-balance sheet items:					
Specific provision for off-balance sheet items	3.3	45.0	–	–	–
Annual provision for credit losses	$ (41.8)	$ 3.8	$ (4.2)	$ 198.3	$ 64.0
Annual provision for credit losses as a percentage of average loans	(0.49%)	0.05%	(0.06%)	2.65%	0.82%

GENERAL ALLOWANCES

ATB's general allowance covers the risk on performing loans that have higher than normal risk. In addition, ATB maintains a general allowance on the whole portfolio based on management's judgement of the strength of the economy in the current economic cycle and the average annual loan loss provision within the cycle. The economic portion of the general allowance will only decrease in a weak economy as specific loan losses are identified.

TABLE 12 – GENERAL ALLOWANCES

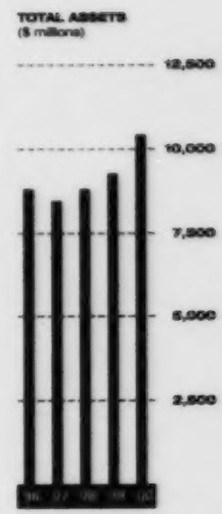
AS AT MARCH 31

($ in millions)	2000	1999	1998	1997	1996
General allowance on higher risk loans					
and off-balance sheet items	$ 49.9	$ 78.4	$ 79.0	$ 46.1	$ 28.9
General economic allowance	61.7	61.7	61.7	–	–
Total	$ 111.6	$ 140.1	$ 140.7	$ 46.1	$ 28.9
Year over year change	$ (28.5)	$ (0.6)	$ 94.6	$ 17.2	$ (27.2)
Percentage of total gross loans	1.23%	1.70%	1.83%	0.61%	0.37%

The continued strength of the Alberta economy is currently reducing the incidence of non-performing loans and other identifiable credit risks. The reduction in the total general allowance of $28.5 million is due to lower identifiable risk and the reversal of the year 2000 general allowance of $11.2 million.

BALANCE SHEET

ATB achieved total asset growth of 12.39 percent in 2000. The increase was only marginally less than the ATB's objective of 13.45 percent. The growth occurred in all of ATB's target markets, and was greatest in individual lending products, which increased 12.82 percent over 1999. Further discussion of results by market segment is provided on pages 47 to 49.



ATB ANTICIPATES GROWTH IN 2001 TO BE VERY SIMILAR TO THAT EXPERIENCED IN 2000 BASED ON THE EXPECTATION THAT ALBERTA'S ECONOMY WILL CONTINUE TO BE STRONG.

RETURN ON ASSETS

TABLE 13 – RETURN ON ASSETS

FOR THE YEARS ENDED MARCH 31

($ in millions)	2000 Core	2000 Actual	1999	1998	1997	1996
Net income (loss)	$ 180	$ 228	$ 111	$ 85	$ (124)	$ 36
Return on assets	1.80%	2.29%	1.22%	0.99%	(1.44%)	0.40%

OVERVIEW

Effective risk management is achieved through a control environment that includes planning and identifying the organization's vision, objectives and strategies, risks and opportunities, and establishing performance targets and measures.

The control environment requires people who display mutual trust, a commitment to ethical values, and possess the knowledge, skills, tools, and systems needed to achieve corporate objectives. It includes an appropriate definition and allocation of authority, responsibility, and accountability. Finally, it requires constant reassessment and monitoring of internal and external developments.

The primary risks which ATB actively manages are credit risk, market risk, liquidity risk, and operations risk. Policies and strategies for managing these risks are developed by management and approved by the Audit Committee and the Credit Policy and Risk Management Committee of the Board of Directors. ATB's risk management policies incorporate the recommendations of the Canada Deposit Insurance Corporation.

Audit Committee of the Board

Reviews budgets and monitors progress against plans, reviews financial results and other key measures of performance, reviews the control environment, approves the internal audit plan and results from internal audit.

Credit Policy and Risk Management Committee of the Board

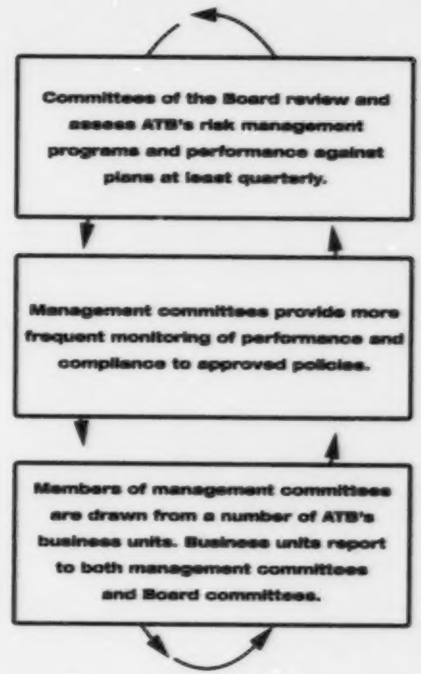
Reviews and approves credit and other risk management policies, monitors compliance to approved policies, reviews trends in ATB's risk profile, and reviews and approves high value credit proposals.

Asset Liability Committee

Oversees market risk, and liquidity risk management activities, assesses management strategies and assumptions used, approves minimum or maximum rates of interest for all deposit and loan programs, approves the terms and conditions for all loan and deposit programs as they relate to asset/liability management.

Credit Management Committee

Recommends policy and establishes credit procedures and practices, reviews new credit programs and reviews and approves high value loans within specified limits.



CREDIT RISK MANAGEMENT

Credit risk is the risk of loss due to borrowers failing to meet their financial obligations. Credit risk arises from loans as well as loan commitments, letters of credit, letters of guarantee and loan guarantees.

ATB's primary objective is to ensure that actual annual loan losses are contained within a range of 0.25 percent and 0.45 percent of total net average loans.

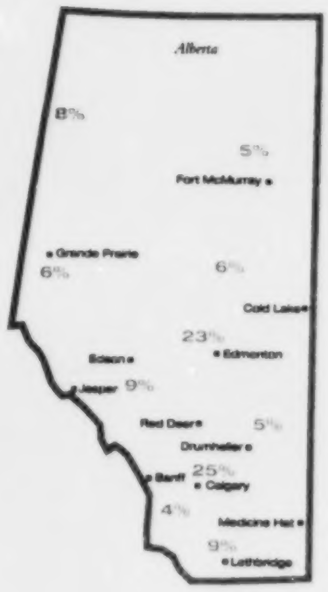
Key principles underlying credit risk management include policies that clearly define the level of risk the organization is willing to accept, together with the expected return for the risk accepted, and a clear segregation of credit granting, adjudication, and credit collection.

ATB manages credit risk both at the transaction level and at the portfolio level. Prior to initial approval, each credit proposal is assessed to evaluate the borrower's character and ability to service the debt, industry risk, and the adequacy of security provided. All credit proposals are initiated by front-line lenders. Lending limits are established on the basis of the experience of the lender and the nature of the loan. Loans exceeding lender's limits are subject to review and approval by a separate and independent group of credit managers. Higher value loans are reviewed and approved by the Credit Management Committee and, depending on the value of the loan, are also reviewed by the Credit Policy and Risk Management Committee of the Board prior to approval.

Maintaining a diversified portfolio is an essential element of effective credit risk management. ATB believes that, although restricted to the Alberta marketplace through legislation, a diversified portfolio can still be achieved. Portfolio limits have been established for maximum exposures by market segment, by industry classification, and by geographic location.

TABLE 14 - DIVERSIFICATION OF NON-CONSUMER LOANS BY INDUSTRY

AS AT MARCH 31	Percentage of non-consumer loans 2000	1999
Agricultural and related services	26.15%	28.71%
Real estate	11.70	11.02
Mining/Energy/Forestry	10.93	9.81
Accommodation, food and beverage	9.93	10.24
Retail trade	5.71	7.74
Construction	5.55	5.42
Manufacturing	5.15	4.74
Transportation	4.79	5.39
Finance and insurance	4.26	4.39
Wholesale trade	3.34	3.29
Other services	2.15	2.62
Educational services/Health and social services	1.41	1.04
Communication and other utilities	1.30	1.36
Other	7.63	4.23
Total	100.00%	100.00%



Approximate regional distribution of ATB's loan portfolio as at March 31, 2000

Additionally, lending caps have been established to limit exposures in certain intrinsic lines of business, to single borrowers or counterparties, or specific product offerings.

ATB utilizes an internal risk-rating system on its business and agricultural loans to identify and measure the risks associated with credit proposals, and further utilizes this data to quantify and manage the risk within various portfolios and lines of business. During the year, ATB began using the BEACON score to manage the individual lending portfolio. A BEACON score uses customer credit bureau information to predict the probability of loan repayment. Customized scorecards are being developed to augment the use of the BEACON score during 2001.

The key measure used to assess credit quality is actual loan losses as a percentage of average loans. For the year ended March 31, 2000 ATB had a net recovery of loan losses of $41.8 million resulting in a negative 0.49 percent credit losses to average loans, as discussed further on pages 36 to 39.

DURING THE NEXT FISCAL YEAR, ATB MANAGEMENT ANTICIPATES THAT THE PERCENTAGE OF ACTUAL LOAN LOSSES TO AVERAGE LOANS WILL BE IN THE RANGE OF 0.25 PERCENT TO 0.30 PERCENT BASED ON AN EXPECTATION OF CONTINUED STRONG ECONOMIC GROWTH FOR ALBERTA. OVER THE SHORT TO MEDIUM TERM, ATB WILL BE INTRODUCING AN AUTOMATED CREDIT-SCORING TOOL FOR CONSUMER LOANS TO FURTHER ENHANCE CREDIT RISK MANAGEMENT SYSTEMS AND TO ASSIST LENDERS IN THEIR CREDIT GRANTING DECISIONS.

MARKET RISK MANAGEMENT

Market risk is the risk associated with changes in market factors such as interest rates, foreign exchange rates, and equity and commodity prices. ATB's primary exposure to market risk results from changes in interest rates. ATB does not trade directly in equities or commodities, and as such there is no direct risk of price change, only the indirect risk associated with our customers' financial affairs.

Key principles underlying market risk management include daily and weekly monitoring of market positions and regular review of expectations, assumptions and the management strategies employed. ATB uses derivative transactions to hedge market risks. ATB is restricted from entering into derivative transactions based on speculative positions. Derivatives used by ATB include interest rate swaps, index linked swaps and interest rate caps.

INTEREST RATE RISK

Interest rate risk is the risk that net interest income will decrease as a result of changes in interest rates. Interest rate risk arises when there is a mismatch or gap between the maturity and repricing dates of interest-bearing assets and liabilities. The effect on net interest income resulting from a change in interest rate may be favourable or unfavourable, depending on the size of the gap, whether interest rates go up or down, and the duration of the change.

The primary objective of interest rate risk management is to achieve stable earnings growth through the active management of asset and liability positions.

The asset and liability positions are managed within approved limits specified in ATB's risk management policies. These policies limit the potential negative impact that adverse changes in interest rates can have on current earnings and on the value of ATB's interest sensitive assets and liabilities.

When considering interest rate risk, management reviews, among other things, current economic forecasts, the expected direction of interest rates, the shape of the yield curve, and the interest rate spreads between assets and liabilities. Changes in asset and liability positions, such as altering the mix of maturity and re-pricing dates, are achieved first through specific deposit or loan campaigns and second through the use of derivative products.

During the year, the mismatch between assets and liabilities in the four and five-year bands increased as consumer preference for five-year mortgages was not matched with a similar demand for longer term deposits. During the second quarter, ATB launched its Springboard deposit campaign, which was successful in attracting significant long-term deposits during the remaining nine months of the year. Interest rate swaps were used to further reduce the mismatch in the four and five-year bands. The notional amount of outstanding interest rate swaps as at March 31, 2000 increased by $238.8 million over 1999. Note 16 to the Consolidated Financial Statements details the interest rate swaps and options outstanding at the current and prior year-ends.

The primary method used to measure interest rate risk is gap analysis. Gap analysis measures interest rate sensitivity at a point in time. Note 18 to the Consolidated Financial Statements provides details on ATB's gap position as at March 31, 2000.

Gap analysis is further supplemented with income simulation and duration modeling. ATB's simulation model calculates how an immediate and sustained change in interest rates would affect net interest income in the succeeding 12-month period.

TABLE 15 - INTEREST RATE SENSITIVITY

FOR THE YEARS ENDED MARCH 31

($ in thousands)	2000	1999
Impact on earnings in succeeding year from:		
100 basis point increase in interest rates	$ 5,898	$ 4,634
100 basis point decrease in interest rates	(6,233)	(5,033)
200 basis point increase in interest rates	11,716	9,197
200 basis point decrease in interest rates	(13,136)	(10,263)

ATB HAS MAINTAINED AN ASSET SENSITIVE POSITION THROUGHOUT THE FISCAL YEAR, LEAVING ATB WELL POSITIONED BASED ON MANAGEMENT'S EXPECTATION THAT SHORT-TERM INTEREST RATES WILL CONTINUE TO INCREASE DURING THE FIRST PART OF FISCAL 2001.

FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk of loss resulting from fluctuations in foreign exchange rates. Foreign exchange risk arises when there is a difference between financial assets and liabilities denominated in foreign currencies. Foreign exchange risk also arises when there is a difference in the maturity of forward purchases and forward sales of a given currency.

ATB's foreign exchange risk is primarily related to assets and liabilities denominated in US dollars. To mitigate this risk management monitors, on a daily basis, the net position of assets and liabilities in US dollars. ATB limits the difference between US dollar assets and liabilities to US$1.0 million. All larger foreign exchange transactions are identified as they arise and are offset as necessary. ATB manages forward foreign exchange risk by fully hedging all forward contracts with offsetting transactions. Note 16 to the Consolidated Financial Statements details the foreign exchange contracts outstanding at the current and prior year-ends.

LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk of default that could occur if ATB has insufficient funds available to meet its cash requirements as they come due.

The primary objective is to ensure that sufficient liquid funds are available to meet all financial commitments as they fall due, including customer withdrawals and loan advances.

Key principles underlying liquidity risk management include the regular monitoring of liquidity, forecasting future funding requirements, and assured access to diversified funding sources that can be used on a regular or contingency basis.

Policies specify the minimum level of liquid assets to be held at all times, consistent with ATB's legislation, as well as the desired level of liquidity that best meets ATB's financial commitments. Short-term liquidity requirements are forecast on the basis of past and projected cash flows. In managing liquidity, management considers both available liquid assets and ATB's ability to raise additional funds to meet liquidity requirements.

If a liquidity need were to arise at short notice, ATB has arranged a short-term credit facility with another financial institution and also has access to participate in Receiver General term deposit auctions. Surplus funds are invested in short-term, high quality marketable securities and deposits with other banks.

ATB's deposit base is its primary source of funds. Deposits by individuals provide a more stable source of funding over the long term than do deposits by business and government organizations. ATB's deposits from individuals represent 57.00 percent (1999 – 57.93 percent) of total deposits, while deposits by business and government represents 43.00 percent (1999 – 42.07 percent). ATB's deposits from business and government include funds raised through the issue of short-term and mid-term notes in the Canadian money market.

The primary measure of liquidity is the ratio of liquid assets (such as cash, securities and ATB's deposits with other banks) to total assets.

TABLE 16 – LIQUIDITY

AS AT MARCH 31

($ in millions)	2000	1999	1998
Cash and deposits with banks	$ 647	$ 589	$ 597
Securities	630	468	611
	$ 1,277	$ 1,057	$ 1,208
Liquid assets as a percentage of total assets	12.24%	11.39%	13.70%

Included in securities is $61.6 million which has been pledged as collateral, as at March 31, 2000.

LIKE ALL FINANCIAL INSTITUTIONS, ATB WILL EXPERIENCE STRONG COMPETITION FOR DEPOSIT FUNDS AND WILL NEED TO DEVELOP EFFECTIVE NEW PRODUCTS AND SERVICES TO MEET THIS CHALLENGE.

OPERATIONS RISK MANAGEMENT

Operations risk is the risk of loss resulting from such things as system failures, a breakdown in internal controls, human error and criminal activity. Losses such as a loss of reputation or client confidence can be as significant for the organization as a direct financial loss. During a period of significant change, the exposure to operations risk generally increases.

Operational risk has an impact on all aspects of ATB's activities and is largely mitigated through ATB's control environment. ATB strategic alliances with IBM Canada Ltd. and Intria Items Inc. provide back-up systems and locations in case of catastrophic incidents. On an ongoing basis, ATB assesses risks and exposures and ensures that strategies are in place to manage and address any significant exposures. The effectiveness of controls and the appropriateness of policies and procedures are assessed by the Chief Inspector on a continual basis.

Until recently, the primary operational risk was that associated with the year 2000 issue. ATB began addressing the year 2000 issue in 1994 and in 1997 had established an organization-wide project team to plan and monitor all year 2000 activities. The focus in the last year was on program code correction, systems testing, ensuring that customers had assessed their exposure, and defining ATB's contingency plans. ATB experienced no material effects as a result of the transition to the year 2000. The total cost associated with the year 2000 transition was $9.3 million, compared to an original estimate of $10.0 million. Of the total amount, $2.8 million was charged in the current year (1999 - $3.5 million).

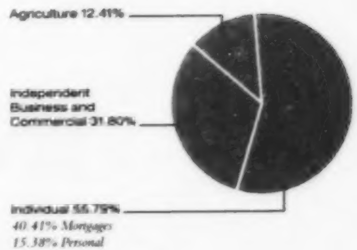
During the last three years, ATB has undergone profound changes including outsourcing non-core activities, improving lending, loan monitoring and collection processes, centralizing branch administration and optimizing branch staffing levels, and introducing more of the products and services necessary to be competitive in the marketplace. In January 2000, ATB management initiated a comprehensive review of all significant processing controls. The objective of the review is to ensure that ATB's controls are fully cost efficient and effective.

No significant losses due to an operational failure occurred during fiscal 2000, 1999 or 1998.

RESULTS BY MARKET SEGMENT

As described in Note 20 to the Consolidated Financial Statements, ATB manages its business by market segments being individual lending, agricultural lending, independent business and commercial lending, and deposit business.

LOANS BY MARKET SEGMENT*



(*excluding general loss allowance)

LOANS

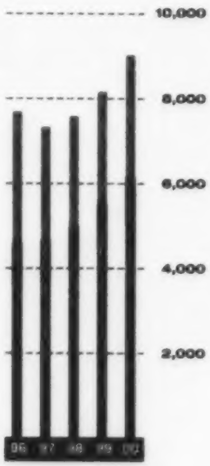
Individual financial services which includes residential mortgages and personal lending represents 55.79 percent of ATB's loan portfolio. ATB's loan portfolio by market segment remained relatively unchanged from 1999.

The individual financial services market experienced the largest growth with an increase of 12.82 percent over 1999. In 2000, Alberta enjoyed strong growth in the residential housing market. Although a very competitive market, ATB was able to capitalize on the growth in the market through concentrated staff effort to attract new customers combined with the introduction of a wide range of new residential mortgage products in 1999.

The majority of the past non-performing loans fell within the independent business and commercial market segment. The recovery of these loans, most through the sale of assets, reduced the portfolio and as a result offset growth in this segment. In the year, ATB dealt with the last of its significant past non-performing loans.

ATB experienced relatively modest growth in the agricultural sector. Although sector growth was somewhat dampened by low commodity prices and production problems in some areas, it was not the only reason for the low growth. ATB will provide more emphasis on sales training for its new agricultural loan programs and services, as well as enhance its marketing initiatives.

LOAN GROWTH BY MARKET SEGMENT*
($ millions)



- Independent business and commercial
- Agricultural
- Individual financial services

(*excluding general loss allowance)

TABLE 17 – CHANGE IN LOANS BY MARKET SEGMENT

AS AT MARCH 31

($ in millions)	2000	1999	1998	1997	1996
Individual financial services	$ 5,042	$ 4,469	$ 3,970	$ 3,693	$ 3,563
Year over year change	12.82%	12.57%	7.50%	3.65%	3.46%
Agricultural	1,121	1,063	1,038	995	1,033
Year over year change	5.46%	2.41%	4.32%	(3.68%)	(3.28%)
Independent business and commercial	2,874	2,645	2,593	2,659	3,106
Year over year change	8.66%	2.01%	(2.48%)	(14.39%)	(8.38%)
Total excluding general allowances	9,037	8,177	7,601	7,347	7,702
Year over year change	10.52%	7.58%	3.46%	(4.61%)	(2.53%)
General allowances	(112)	(140)	(141)	(46)	(29)
Total including general allowances	$ 8,925	$ 8,037	$ 7,460	$ 7,301	$ 7,673
Year over year change	11.05%	7.73%	2.18%	(4.85%)	(2.20%)

TABLE 18 – INTEREST INCOME BY MARKET SEGMENT

AS AT MARCH 31	Interest Income			Average Assets			Average Interest Rate		
($ in millions)	2000	1999	Change	2000	1999	Change	2000	1999	Change
Individual	$ 322	$ 291	10.65%	$ 4,743	$ 4,134	14.73%	6.79%	7.04%	(0.25%)
Agricultural	82	82	0.00%	1,063	1,039	2.31%	7.71%	7.89%	(0.18%)
Independent business and commercial	202	188	7.45%	2,706	2,398	12.84%	7.46%	7.84%	(0.38%)

ATB ANTICIPATES GROWTH TO CONTINUE AT SIMILAR RATES IN 2001. SOME IMPROVEMENT IS ANTICIPATED IN THE AGRICULTURAL SECTOR AS GENERALLY HIGHER COMMODITY PRICES ARE FORECAST FOR 2001. NET INTEREST MARGINS ARE ANTICIPATED TO DECREASE ACROSS ALL SEGMENTS.

DEPOSIT BUSINESS

Deposit business includes a wide range of deposit and investment products and sundry financial services. Total deposits increased by $902.3 million or 10.00 percent in 2000 compared to ATB's objective of 12.01 percent.

Personal deposits increased $430.7 million or 8.24 percent over 1999, while business and other deposits increased $471.6 million or 12.42 percent. The increase in business and other deposits was largely driven by wholesale deposits. To maintain liquidity at desired levels, ATB issued $349.0 million in wholesale notes, the proceeds of which were put into short-term investments.

DEPOSITS

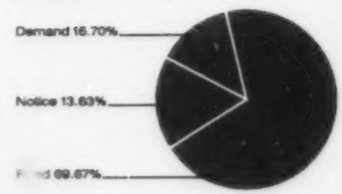


TABLE 19 – DEPOSITS

AS AT MARCH 31 *($ in millions)*	2000	1999	1998	1997	1996
Demand	$ 1,657	$ 1,568	$ 1,556	$ 1,391	$ 1,250
Notice	1,353	1,381	1,486	1,492	1,414
Fixed Term	6,915	6,073	5,684	5,525	6,015
Total	$ 9,925	$ 9,022	$ 8,726	$ 8,408	$ 8,679
Year over year change	10.00%	3.39%	3.78%	(3.12%)	(3.07%)
Retail, business and other	$ 8,561	$ 8,007	$ 7,758	$ 7,875	$ 8,152
Year over year change	6.92%	3.20%	(1.50%)	(3.40%)	(2.10%)
Wholesale	1,364	1,015	968	533	527
Year over year change	34.38%	4.86%	81.60%	1.20%	(15.90%)
	$ 9,925	$ 9,022	$ 8,726	$ 8,408	$ 8,679

REGULATORY AND INDUSTRY COMPLIANCE

ATB is a Crown corporation in the province of Alberta and the government of Alberta is the sole owner. A Board of Directors manages the business affairs and operations are regulated in accordance with the Alberta Treasury Branches Act. The Act and supporting Regulations are largely modeled after statutes and regulations governing other financial institutions. ATB also follows guidelines issued by the Office of the Superintendent of Financial Institutions (OSFI).

ATB'S REGULATIONS:

- provide specific guidelines for capital adequacy;
- establish a risk weighting for assets;
- require ATB to adhere to prudent loan and investment standards when making loan and investment decisions and when managing its total loans and investments;
- limit loans to connected persons to 1.00 percent of assets;
- require ATB to manage its liquidity in a prudent manner and also require ATB to maintain at least 6.00 percent of its assets in "liquid assets"; and
- restrict ATB's use of derivatives to hedging risk rather than speculating.

ATB management provides quarterly reports to the Board of Directors on compliance with these regulations.

STATEMENT OF CORPORATE GOVERNANCE

With the appointment of a Board of Directors ("the Board") in April 1996, ATB implemented and established corporate standards and practices consistent with the 1994 Toronto Stock Exchange Corporate Governance Committee report entitled "Where were the Directors?". While not subject to the guidelines of the TSE, the recommendations and guidance provided is both relevant and appropriate for ATB.

Since the TSE's report in 1994, corporate governance practices have continued to develop and improve. One of the more significant developments has been the recent discussion concerning the importance of Audit Committees and their role in ensuring that financial results are fairly reported. Following a speech by the Chair of the Securities and Exchange Commission (SEC) in September 1998, a Blue Ribbon panel was formed to improve Audit Committee effectiveness. In January 1999, the Blue Ribbon panel published its report and recommendations. These recommendations are now being considered by various Canadian professional bodies including the Canadian Institute of Chartered Accountants.

ATB reviews its corporate governance standards and practices on an ongoing basis. As part of that process ATB's Audit Committee completed a review of its mandate and responsibilities during the year with specific reference to the recent developments, including the report of the Blue Ribbon panel.

BOARD INDEPENDENCE AND RESPONSIBILITIES

Governance requirements for ATB are set out in the Alberta Treasury Branches Act and Regulations. The Board of Directors has 15 members appointed by the Lieutenant Governor in Council, of which only three are affiliated directors. The Act requires that no more than half of the directors be affiliated. The President and Chief Executive Officer is the only member of senior management who is a director of ATB. A Code of Conduct adopted by the Board governs all officers and employees of ATB. The Board also has a corporate governance education program focusing on the roles and responsibilities of all directors.

The Board is responsible for ensuring that ATB has a sound strategic plan, has operating plans that support the strategic direction and has a sound and effective control environment. The Board is responsible for approving policies governing the management of business and financial risks associated with ATB's operations, and ensuring effective policies and procedures are in place relating to human resources including recruitment, compensation, evaluation, development and continuity. The Board monitors performance against ATB's business plans and budgets.

Procedures are in place to ensure that the Board receives relevant and necessary information to carry out its responsibilities and to provide feedback to management. On a weekly basis, the Board receives relevant materials such as press releases, articles, and consultants' reports on ATB and the financial industry. Directors have input into the meeting agendas and, prior to each Board and Committee meeting they receive a comprehensive information package. Business unit heads are invited to provide further explanation through attendance at Board meetings, Committee meetings and other Board sessions.

The Board carries out its responsibilities either directly or indirectly through Committees of the Board. Quarterly, Committee chairs provide a report to the full Board.

GOVERNANCE AND CONDUCT REVIEW COMMITTEE

At least two-thirds of the directors on the Governance and Conduct Review Committee must be independent of management and unaffiliated as defined in the Act.

The mandate of the Governance and Conduct Review Committee is to:

- develop corporate governance practices, including an education and orientation program for directors, to enhance the effectiveness of the Board as a whole, the Committees of the Board and the contribution of individual directors;
- monitor Board Committee structure and terms of reference and recommend changes where necessary;
- assess Board performance;
- identify Board candidates;
- establish and monitor policy relating to conflicts of interest; and
- recommend ATB's Code of Conduct for all officers and employees for approval by the Board, and monitor its application.

AUDIT COMMITTEE

All members of the Audit Committee are unaffiliated and independent of management. The Act requires that at least two-thirds must be unaffiliated and independent of management. The mandate of the Audit Committee is to:

- review and recommend ATB's financial statements for approval by the Board, including the adequacy of loan loss allowances;
- ensure that appropriate internal control procedures are in place;
- review investments and transactions of ATB that could adversely affect ATB's well-being;
- ensure the adequacy/effectiveness of the internal control procedures and review any significant findings with the Chief Inspector and senior management; and
- review the Auditor General's audit plan, any proposed changes in accounting policies, and the presentation and input of significant risks and key estimates and judgements of management.

CREDIT POLICY AND RISK MANAGEMENT COMMITTEE

The mandate of the Credit Policy and Risk Management Committee is to:

- recommend credit and risk management policies for approval by the Board;
- ensure compliance with credit and risk management policies; and
- review and approve high value credit applications.

HUMAN RESOURCES COMMITTEE

The mandate of the Human Resources Committee is to:

- review annually the human resources complement and profile and report to the Board on the adequacy of the human resources to carry out ATB's business and achieve its goals and objectives;
- review compensation and changes to benefit policies and make recommendations to the Board;
- review candidates for senior officer positions, and review executive compensation levels and make recommendations to the Board;
- review the management succession plan; and
- assess the performance of the President and Chief Executive Officer and other senior officers, and report to the Board.

QUARTERLY HIGHLIGHTS

($ in thousands)	2000 Q4	2000 Q3	2000 Q2	2000 Q1	1999 Q4	1999 Q3	1999 Q2	1999 Q1
STATEMENT OF INCOME								
Net interest income	$ 81,144	$ 82,574	$ 95,008	$ 73,145	$ 71,552	$ 74,278	$ 73,290	$ 67,812
Recovery (provision) for credit losses	43,755	(881)	4,673	(5,726)	(3,925)	8,840	(6,852)	(1,850)
Other income	30,463	25,145	20,133	18,819	18,658	18,298	19,205	17,959
Non-interest expenses	(68,654)	(53,443)	(60,195)	(57,470)	(62,296)	(61,714)	(62,186)	(60,377)
Net income	$ 86,708	$ 53,395	$ 59,619	$ 28,768	$ 23,989	$ 39,702	$ 23,457	$ 23,544
BALANCE SHEET								
Assets								
Cash resources	$ 646,961	$ 656,041	$ 791,775	$ 831,833	$ 595,092	$ 600,289	$ 734,170	$ 838,281
Securities	630,224	512,280	721,700	634,498	468,479	526,196	658,065	795,598
Loans, net of allowances for credit losses								
Residential mortgage	3,651,396	3,588,702	3,502,787	3,396,819	3,296,655	3,217,099	3,049,655	2,898,258
Personal and credit card	1,421,731	1,305,577	1,254,299	1,215,750	1,172,177	1,125,699	1,114,526	1,119,416
Business and other	3,851,564	3,784,859	3,668,559	3,595,635	3,567,943	3,487,151	3,352,785	3,373,610
Other assets	230,067	217,163	209,535	194,499	181,353	169,923	168,462	155,357
	$10,431,943	$ 10,064,622	$10,148,655	$ 9,869,034	$ 9,281,699	$ 9,126,357	$ 9,077,663	$ 9,180,520
Liabilities and Equity								
Deposits	$ 9,924,626	$ 9,573,539	$ 9,734,693	$ 9,571,222	$ 9,022,310	$ 8,887,325	$ 8,806,415	$ 9,026,422
Other liabilities	218,445	292,903	273,908	217,377	215,241	218,873	269,708	197,098
Cheques and other items in transit, net	8,715	4,731	–	–	–	–	21,083	–
Subordinated debenture	7,519	7,519	7,519	7,519	–	–	–	–
Equity (deficit)	272,638	185,930	132,535	72,916	44,148	20,159	(19,543)	(43,000)
	$10,431,943	$ 10,064,622	$10,148,655	$ 9,869,034	$ 9,281,699	$ 9,126,357	$ 9,077,663	$ 9,180,520

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEARS ENDED MARCH 31

($ in thousands)	2000	1999	1998	1997	1996
Interest Income					
Loans	$ **644,255**	$ 567,513	$ 506,762	$ 558,965	$ 686,574
Securities	**28,085**	31,375	19,206	16,261	30,521
Deposits with banks	**31,401**	31,696	19,828	17,735	23,438
	703,741	630,584	545,796	592,961	740,533
Interest Expense					
Deposits and subordinated debenture	**371,870**	343,652	294,643	352,983	505,235
Net interest income	**331,871**	286,932	251,153	239,978	235,298
(Recovery) provision for credit losses	**(41,821)**	3,787	(4,173)	198,343	64,041
Net interest income after (recovery) provision for credit losses	**373,692**	283,145	255,326	41,635	171,257
Other Income					
Service charges	**38,587**	35,733	32,313	31,569	28,592
Credit fees	**17,508**	16,200	14,515	16,762	16,475
Commission and other	**27,624**	11,280	8,439	7,855	16,245
Card fees	**7,182**	5,980	5,522	4,935	3,982
Foreign exchange	**3,659**	4,927	4,657	4,949	4,887
	94,560	74,120	65,446	66,070	70,181
Net interest and other income	**468,252**	357,265	320,772	107,705	241,438
Non-interest expenses					
Salaries and employee benefits	**111,676**	119,950	120,083	111,529	118,126
Premises and equipment, including amortization	**38,676**	40,757	47,595	47,574	45,355
Other expenses	**79,485**	78,347	67,660	72,932	41,938
Total non-interest expenses	**229,837**	239,054	235,338	232,035	205,419
Deposit Guarantee Fee	**9,925**	7,519	-	-	-
Net Income (loss)	$ **228,490**	$ 110,692	$ 85,434	$ (124,330)	$ 36,019

CONSOLIDATED STATEMENT OF EQUITY

FOR THE YEARS ENDED MARCH 31

($ in thousands)	2000	1999	1998	1997	1996
Equity (deficit) at beginning of year	$ **44,148**	$ (66,544)	$ (151,978)	$ (27,648)	$ (63,667)
Net income (loss) for year	**228,490**	110,692	85,434	(124,330)	36,019
Equity (deficit) at end of year	$ **272,638**	$ 44,148	$ (66,544)	$ (151,978)	$ (27,648)

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31

($ in thousands)	**2000**	1999	1998	1997	1996
ASSETS					
Cash resources					
Cash and non-interest bearing deposits with banks	**$ 89,829**	$ 68,138	$ 45,991	$ 48,110	$ 59,118
Interest bearing deposits with banks	**557,132**	500,658	550,525	481,043	479,739
Cheques and other items in transit, net	**-**	6,296	-	-	12,448
	646,961	595,092	596,516	529,153	551,305
Securities					
Issued or guaranteed by Canada	**106,853**	48,212	82,085	85,782	102,082
Other securities	**523,371**	420,267	529,317	381,380	301,243
	630,224	468,479	611,402	467,162	403,325
Loans, net of allowances for credit losses					
Residential mortgage	**3,651,396**	3,296,655	2,846,053	2,645,887	2,470,499
Personal and credit card	**1,421,731**	1,172,177	1,123,388	1,047,040	1,079,094
Business and other	**3,851,564**	3,567,943	3,490,983	3,607,440	4,123,759
	8,924,691	8,036,775	7,460,424	7,300,367	7,673,352
Other					
Capital assets	**63,616**	54,171	50,843	58,538	66,655
Other assets	**166,451**	127,182	98,385	111,620	123,930
	230,067	181,353	149,228	170,158	190,585
Total Assets	**$ 10,431,943**	$ 9,281,699	$ 8,817,570	$ 8,466,840	$ 8,818,567
LIABILITIES AND EQUITY					
Deposits					
Payable on demand	**$ 1,656,730**	$ 1,568,233	$ 1,555,967	$ 1,391,466	$ 1,250,334
Payable after notice	**1,353,069**	1,381,550	1,485,565	1,491,608	1,413,421
Payable on a fixed date	**6,914,827**	6,072,527	5,684,533	5,525,119	6,014,875
	9,924,626	9,022,310	8,726,065	8,408,193	8,678,630
Other liabilities					
Other liabilities	**218,445**	215,241	140,764	195,491	167,585
Cheques and other items in transit, net	**8,715**	-	17,285	15,134	-
Subordinated debenture	**7,519**	-	-	-	-
Equity (deficit)	**272,638**	44,148	(66,544)	(151,978)	(27,648)
Total Liabilities and Equity	**$ 10,431,943**	$ 9,281,699	$ 8,817,570	$ 8,466,840	$ 8,818,567

ATB: FOR THE YEAR ENDED MARCH 31, 2000: CONSOLIDATED FINANCIAL STATEMENTS

The Responsibility for Financial Reporting

The consolidated financial statements of Alberta Treasury Branches (ATB) and all other information contained in the annual report, including management's discussion and analysis of ATB's results, were prepared and presented by ATB management, which is responsible for their accuracy, objectivity and completeness. This responsibility includes presenting the statements in accordance with generally accepted accounting principles. The preparation of the statements necessarily involves the use of estimates and approximations which are made using careful judgement.

Management is responsible for maintaining a system of internal controls designed to provide reasonable assurance as to the reliability of financial information and to ensure ATB's assets are safeguarded and liabilities are recognized. Internal controls are reviewed and evaluated by the Chief Inspector of ATB.

The Board of Directors has the ultimate responsibility for these financial statements. The Board oversees management's responsibilities for financial reporting through an Audit Committee, which is composed entirely of directors who are not officers or employees of ATB. The Audit Committee reviews the financial statements and recommends them to the Board for approval.

To carry out its duties, the Audit Committee reviews the quarterly and annual consolidated financial statements, as well as issues related to them. The Audit Committee also assesses the effectiveness of internal controls over the accounting and financial reporting systems. The Audit Committee's review of financial reports includes an assessment of key management estimates and judgements material to the financial results. ATB's Chief Inspector and the Auditor General of Alberta have full and unrestricted access to the Audit Committee to discuss their audit findings as to the integrity of ATB's financial reporting and adequacy of internal controls.

The Auditor General of Alberta has examined these consolidated financial statements and his report follows.

Marshall Williams, *Chairman of the Board*	Paul Haggis, *President & Chief Executive Officer*	Craig Warnock *Chief Financial Officer*

Edmonton, Alberta
May 10, 2000

AUDITOR GENERAL Alberta

To the Provincial Treasurer

I have audited the consolidated balance sheet of Alberta Treasury Branches as at March 31, 2000 and the consolidated statements of income, changes in equity, and cash flows for the year then ended. These financial statements are the responsibility of ATB management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Alberta Treasury Branches as at March 31, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Peter Valentine

FCA
Auditor General

Edmonton, Alberta
May 10, 2000

Consolidated Balance Sheet

AS AT MARCH 31 ($ in thousands)	2000	1999	1998
ASSETS			
Cash resources *(NOTE 2)*			
Cash and non-interest bearing deposits with banks	$ 89,829	$ 88,138	$ 45,991
Interest bearing deposits with banks	557,132	500,658	550,525
Cheques and other items in transit, net	-	6,296	-
	646,961	595,092	596,516
Securities *(NOTE 3)*	630,224	468,479	611,402
Loans, net of allowances for credit losses *(NOTES 4 AND 5)*			
Residential mortgage	3,651,396	3,296,655	2,846,053
Personal	1,326,961	1,132,262	1,088,961
Credit card	94,770	39,915	34,427
Business and other	3,851,564	3,567,943	3,490,983
	8,924,691	8,036,775	7,460,424
Other			
Capital assets *(NOTE 6)*	63,616	54,171	50,843
Other assets *(NOTES 7, 12 AND 16)*	166,451	127,182	98,385
	230,067	181,353	149,228
	$ 10,431,943	$ 9,281,699	$ 8,817,570
LIABILITIES AND EQUITY			
Deposits *(NOTE 8)*			
Personal	$ 5,657,036	$ 5,226,318	$ 4,972,460
Business and other	4,267,590	3,795,992	3,753,605
	9,924,626	9,022,310	8,726,065
Other			
Other liabilities *(NOTES 5, 9, 11 AND 12)*	218,445	215,241	140,764
Cheques and other items in transit, net *(NOTE 2)*	8,715	-	17,285
	227,160	215,241	158,049
Subordinated debenture *(NOTE 10)*	7,519	-	-
Equity (deficit)	272,638	44,148	(66,544)
Commitments and contingent liabilities *(NOTES 5, 15 AND 21)*			
	$ 10,431,943	$ 9,281,699	$ 8,817,570

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Income

FOR THE YEAR ENDED MARCH 31 ($ in thousands)	2000	1999	1998
Interest income			
Loans *(NOTE 4)*	$ 644,255	$ 567,513	$ 506,762
Securities *(NOTE 3)*	28,065	31,375	19,206
Deposits with banks	31,401	31,696	19,828
	703,741	630,584	545,796
Interest expense			
Deposits	371,561	343,652	294,643
Subordinated debenture *(NOTE 10)*	309	-	-
	371,870	343,652	294,643
Net interest income	331,871	286,932	251,153
(Recovery) provision for credit losses *(NOTE 5)*	(41,821)	3,787	(4,173)
Net interest income after (recovery) provision for credit losses	373,692	283,145	255,326
Other income			
Service charges	38,567	35,733	32,313
Credit fees	17,508	16,200	14,515
Commission and other	27,624	11,280	8,439
Card fees	7,162	5,980	5,522
Foreign exchange	3,659	4,927	4,657
	94,560	74,120	65,446
Net interest and other income	468,252	357,265	320,772
Non-interest expenses			
Salaries and employee benefits *(NOTES 11, 12 AND 13)*	111,676	119,950	120,083
Premises and equipment, including amortization	38,676	40,757	47,595
Communications and electronic processing	51,157	44,947	32,020
Restructuring costs	-	5,003	9,531
Other	38,253	35,916	26,109
	239,762	246,573	235,338
Net income	$ 228,490	$ 110,692	$ 85,434

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED MARCH 31 ($ in thousands)	2000	1999	1998
Equity (deficit) at beginning of year	$ 44,148	$ (66,544)	$ (151,978)
Net income for year	228,490	110,692	85,434
Equity (deficit) at end of year	$ 272,638	$ 44,148	$ (66,544)

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31 *($ in thousands)*	2000	1999	1998
Cash flows from operating activities			
Net income	$ 228,490	$ 110,692	$ 85,434
Adjustments to determine net cash flows:			
(Recovery) provision for credit losses	(41,821)	3,787	(4,173)
Amortization	14,041	11,674	17,148
Net changes in accrued interest receivable and payable	(3,255)	7,225	10,121
Other items, net	(32,279)	(7,161)	(51,804)
	165,176	126,217	56,726
Cash flows from financing activities			
Net change in deposits	902,370	296,229	317,698
Proceeds of issue of subordinated debenture *(NOTE 10)*	7,519	-	-
	909,889	296,229	317,698
Cash flows from investing activities			
Net change in interest bearing deposit balances with banks	(56,496)	49,842	(69,208)
Purchase of investment securities	(5,100,139)	(4,540,665)	(4,869,258)
Maturity of investment securities	4,938,394	4,683,588	4,725,018
Net change in loans	(846,106)	(535,102)	(156,062)
Net purchases of capital assets	(23,486)	(15,002)	(9,453)
	(1,087,833)	(357,339)	(378,963)
Effect of exchange rate changes on cash and cash equivalents	(552)	621	269
Net change in cash and cash equivalents	(13,320)	65,728	(4,270)
Cash and cash equivalents at beginning of year	94,434	28,706	32,976
Cash and cash equivalents at end of year	$ 81,114	$ 94,434	$ 28,706
Consists of:			
Cash and non-interest bearing deposits with banks	$ 89,829	$ 88,138	$ 45,991
Cheques and other items in transit, net	(8,715)	6,296	(17,285)
	$ 81,114	$ 94,434	$ 28,706

The accompanying notes are an integral part of the consolidated financial statements.

FOR THE YEAR ENDED MARCH 31, 2000 ($ in thousands)

Alberta Treasury Branches (ATB) is an Agent of the Crown in right of Alberta and operates under the authority of the Alberta Treasury Branches Act, Statutes of Alberta, 1997, chapter A-37.9, proclaimed in force October 8, 1997. Under that Act, ATB was established as a provincial Crown corporation governed by a Board of Directors appointed by the Lieutenant Governor in Council. Prior to October 8, 1997, the Treasury Branches Deposits Fund operated under the authority of the Treasury Branches Act, Revised Statutes of Alberta 1980, chapter T7. Under Section 38 of the Alberta Treasury Branches Act, all property, assets, liabilities and obligations of the Treasury Branches Deposits Fund were transferred to ATB. ATB's primary business is providing financial services within Alberta.

1. SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Financial Statements are prepared by management in accordance with generally accepted accounting principles. Comparative amounts have been reclassified where necessary to conform with the current year's presentation. The significant accounting policies followed in the preparation of these Consolidated Financial Statements are summarized below:

(a) Basis of consolidation

The Consolidated Financial Statements include the assets, liabilities and results of operations, after the elimination of intercompany transactions and balances of ATB and its wholly owned subsidiary, ATB Investment Services Inc., which commenced operations on October 31, 1997 for the purpose of distribution of mutual funds.

(b) Translation of foreign currencies

Assets and liabilities arising from foreign currency transactions are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. The income and expenses related to these transactions are translated using the average exchange rate for the year. Realized and unrealized gains and losses arising from these translations are included in other income in the Consolidated Statement of Income.

(c) Use of estimates

In preparing the Consolidated Financial Statements, management must make estimates and assumptions considering values of certain assets and liabilities, net income and related disclosures reported in these Consolidated Financial Statements.

(d) Specific accounting policies

Other significant accounting policies are disclosed in the following notes with the related financial disclosure.

2. CASH RESOURCES

Cash resources consist of cash, operating and investment deposits with banks and items in transit. Interest bearing deposits with banks are recorded at cost. Interest income on interest bearing deposits is recorded on an accrual basis. Cheques and other items in transit represent uncleared settlements with other banks and are recorded at cost.

If the total amount of uncleared settlements due to other banks exceeds the total amount of uncleared settlements owed to ATB, the net amount is reported under other liabilities on the Consolidated Balance Sheet.

3. SECURITIES

Securities are reported at cost or amortized cost, adjusted to recognize other than temporary losses in the underlying value. All securities held are investment account securities purchased with the intention to hold them to maturity, or until market conditions render alternative investments more attractive. Gains and losses on disposal of securities are included in income in the year of disposal. The cost or amortized cost of securities approximates the market value of securities.

All securities held mature within one year and the balances are as follows:

	2000	1999	1998
Issued or guaranteed by Canada	$ 106,853	$ 48,212	$ 82,085
Other securities	523,371	420,267	529,317
	$ 630,224	$ 468,479	$ 611,402

In the ordinary course of business, ATB pledges securities to the Bank of Canada in order to participate in clearing and payment systems and to have access to its facilities. Securities pledged at March 31, 2000 totalled $61,600 (1999: $56,200; 1998: $13,000).

4. LOANS

Loans are stated net of any unearned interest and an allowance for credit losses. Interest income is recorded on an accrual basis, except for impaired loans, which are described below.

(a) Loan fees

Loan and commitment fees are recognized as other income over the term of the loan, or over the commitment period as appropriate.

(b) Impaired loans

Loans, except for credit cards, are classified as impaired when:

- there is no longer reasonable assurance as to the timely collection of the full amount of principal or interest,
- principal or interest payments are 90 days past due.

Credit card loans are classified as impaired and fully provided for when principal or interest payments become 180 days past due.

When a loan is classified as impaired, interest income on the loan ceases to be accrued. No portion of cash received on an impaired loan is recorded as interest income until such time as any prior write-offs or specific allowances have been reversed.

Impaired loans are returned to performing status when there is reasonable assurance of the timely collection of all principal and interest, all arrears have been collected, and allowances for loan losses have been reversed.

Loans consist of the following:

	2000				1999	1998
	Recorded investment	Specific allowances	General allowances	Net carrying value	Net carrying value	Net carrying value
Residential mortgage	$ 3,652,135	$ 739	$	$ 3,651,396	$ 3,296,655	$ 2,846,053
Personal	1,330,234	3,273		1,326,961	1,132,262	1,088,961
Credit card	94,770	-		94,770	39,915	34,427
Agricultural	1,113,886	5,806		1,108,080	1,063,399	1,036,260
Independent business, commercial and other loans	2,897,899	42,776		2,855,123	2,644,704	2,593,425
General allowance			111,639	(111,639)	(140,160)	(140,702)
	$9,088,924	$ 52,594	$ 111,639	$ 8,924,691	$ 8,036,775	$ 7,460,424

Impaired loans (included in the preceding schedule):

	2000				1999	1998
	Recorded investment	Specific allowances	General allowances	Net carrying value	Net carrying value	Net carrying value
Residential mortgage	$ 12,087	$ 739	$	$ 11,348	$ 12,278	$ 14,571
Personal	7,067	3,273		3,794	2,966	3,930
Credit card	-	-		-	-	-
Agricultural	43,539	5,806		37,733	33,708	22,105
Independent business, commercial and other loans	59,967	42,776		17,191	66,127	271,838
General allowance			111,639	(111,639)	(140,160)	(140,702)
	$ 122,660	$ 52,594	$ 111,639	$ (41,573)	$ (25,081)	$ 171,742

The total recorded investment at March 31, 2000 in assets acquired in satisfaction of problem loans was $270, with an allowance for losses of $140 and a net realizable value of $130 (1999: $2,764; 1998: $70,568). These amounts are included in the preceding schedules.

5. ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses is maintained at a level considered adequate to absorb credit-related losses for all on and off-balance sheet items. Off-balance sheet items include loan guarantees, letters of credit, and derivative financial instruments.

The allowance for credit losses is deducted from the related asset category, except any amounts provided to cover potential losses from loan guarantees and letters of credit, which are included in other liabilities.

In establishing the net carrying value of the impaired loan portfolio, allowance has been made for potential legal actions by various borrowers. Management is of the view that it has strong defences and will vigorously defend such actions. However, previously established allowances will not be reversed until the outcome of such potential actions becomes clearer. Management is unable to estimate the amount of any such contingent gain.

(a) Specific allowances

Specific allowances on impaired loans are established on a loan-by-loan basis to reduce the carrying value of the impaired loans to the amount expected to be recovered. One of the following methods is used to determine the net realizable values:

- the discounted value of estimated future cash flows,
- the fair value of any underlying security discounted to the amount recoverable in the event of realization, or
- the observable market value for the loan.

Any change in the amount expected to be recovered on an impaired loan is charged or credited to the provision for credit losses.

(b) General allowance

This allowance recognizes that not all credit losses can be specifically identified on a loan by loan basis. The general allowance is computed based on the risk rating of performing loans. It is also based on management's judgement concerning the strength of the economy.

Changes in the allowance for credit losses are as follows:

	Specific			General			Total		
	2000	1999	1998	2000	1999	1998	2000	1999	1998
Balance at beginning of year	$ 109,429	$ 101,843	$ 205,123	$ 140,160	$ 140,702	$ 46,068	$ 249,589	$ 242,545	$ 251,191
Write-offs	(19,645)	(22,100)	(50,257)	–	–	–	(19,645)	(22,100)	(50,257)
Recoveries	24,410	25,357	45,784	–	–	–	24,410	25,357	45,784
(Recovery) provision for credit losses charged to the Consolidated Statement of Income	(13,300)	4,329	(98,807)	(28,521)	(542)	94,634	(41,821)	3,787	(4,173)
Balance at end of year	$ 100,894	$ 109,429	$ 101,843	$ 111,639	$ 140,160	$ 140,702	$ 212,533	$ 249,589	$ 242,545

Specific allowances as at March 31, 2000 of $100,894 (1999: $109,429; 1998: $101,843) represent an allowance for loan losses of $52,594 (1999: $64,429; 1998: $101,843) (Note 4) and an allowance for off-balance sheet items of $48,300 (1999: $45,000; 1998: nil) (Note 9). The general allowance as at March 31, 2000 consists of a risk-based allowance of $49,905 (1999: $78,426; 1998: $78,968) and an economic general allowance of $61,734 (1999: $61,734; 1998: $61,734).

6. CAPITAL ASSETS

Land is recorded at cost. Buildings, equipment, software and leasehold improvements are reported at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful life of the related assets.

The maximum life limits for the various classes are as follows:

Buildings	to 20 years
Equipment and software	to 10 years
Leasehold improvements	to 10 years

Gains and losses on the disposal or write-down of capital assets are recorded in the Consolidated Statement of Income in the year of disposal.

As at March 31, 2000, the balances are as follows:

	2000			1999	1998
	Cost	Accumulated amortization	Net carrying value	Net carrying value	Net carrying value
Land	$ 7,189	$	$ 7,189	$ 7,338	$ 7,356
Buildings	61,590	43,808	17,782	19,312	20,360
Equipment and software	81,326	61,363	19,963	16,651	14,173
Leasehold improvements	41,773	23,091	18,682	10,870	8,954
	$ 191,878	$ 128,262	$ 63,616	$ 54,171	$ 50,843

7. OTHER ASSETS

Other assets are summarized as follows:

	2000	1999	1998
Accrued interest receivable	$ 122,148	$ 106,684	$ 91,429
Other items, including accounts receivable, accrued benefit asset and prepaid items	44,303	20,498	6,956
	$ 166,451	$ 127,182	$ 98,385

8. DEPOSITS

Repayment of all deposits, including accrued interest, is guaranteed by the Crown in right of Alberta. Beginning in the year ended March 31, 1999, a deposit guarantee fee is assessed by the Crown. For the year ended March 31, 2000, the fee was $9,925 (1999: $7,519).

Deposits are summarized as follows:

			2000		1999	1998
	Payable on demand	Payable after notice	Payable on a fixed date	Total	Total	Total
Personal	$ 556,106	$ 1,091,769	$4,009,161	$ 5,657,036	$ 5,226,318	$ 4,972,460
Business and other	1,100,624	261,300	2,905,666	4,267,590	3,795,992	3,753,605
	$ 1,656,730	$ 1,353,069	$ 6,914,827	$ 9,924,626	$ 9,022,310	$ 8,726,065

As at March 31, 2000, deposits by the Province of Alberta total $46,468 (1999: $86,799; 1998: $134,441) and include deposits for loans made under the Alberta Farm Credit Stability Program in the amount of $45,439 (1999: $86,220; 1998: $133,691).

9. OTHER LIABILITIES

Other liabilities are summarized as follows:

	2000	1999	1998
Accrued interest payable	$ 102,355	$ 90,146	$ 67,666
Allowance for credit losses on off-balance sheet items	48,300	45,000	-
Other items, including accounts payable, deposit guarantee fee payable, accrued benefit liability and other accrued liabilities	67,790	80,095	73,098
	$ 218,445	$ 215,241	$ 140,764

10. SUBORDINATED DEBENTURE

On June 30, 1999, ATB issued a non-convertible, non-redeemable, non-transferrable subordinated debenture in the amount of $7,519. This debenture bears an interest rate of 5.475% payable semi-annually and matures on June 30, 2004. The debenture was privately placed with the Crown in right of Alberta, in respect of ATB's liability for the cost of the deposit guarantee for the year ended March 31, 1999.

11. PENSION PLAN DEVELOPMENTS

During this year, ATB made changes to its management employee pension plan benefit programs. Prior to January 1, 1999 ATB participated with other Alberta public sector employers in the Management Employees Pension Plan (MEPP). On November 17, 1999, ATB received legislative approval to withdraw from the MEPP, retroactive to January 1, 1999, and provide its own pension plan for management employees with benefits and entitlements that are no less favourable than the MEPP.

As a result, ATB has no continuing responsibility for the unfunded pension liability of the MEPP. The effect of withdrawal from MEPP on the current year's operations is a decrease in other liabilities of $6,257 and a corresponding decrease in non-interest expenses.

Effective January 1, 1999 ATB established a defined benefit pension plan for its management employees. The plan assumed the obligation to provide benefits to management employees in respect of pensionable service under the MEPP as well as for service after January 1, 1999.

Effective April 1, 1999 the plan was amended to provide a defined contribution option. Management employees who elected the defined contribution option had the further option to transfer the cash equivalent of their accrued entitlement under the defined benefit provisions of the plan to the defined contribution provisions. As of April 1, 1999 new management employees are only entitled to participate in the defined contribution provisions.

Effective April 1, 1999 ATB established a defined benefit supplemental pension plan. This plan provides pension benefits to selected management employees in respect of service on or after April 1, 1999. The supplemental plan pension benefits are based on pensionable earnings in excess of the limits imposed by the Income Tax Act. The supplemental plan is not funded and the benefits are paid from the assets of ATB as they come due.

12. EMPLOYEE FUTURE BENEFITS

ATB participates with other Alberta public sector employers in the Public Service Pension Plan (PSPP).
The PSPP is a defined benefit pension plan which provides pension benefits for ATB's non-management employees based on years of service and earnings. ATB accounts for the cost of its participation in the PSPP on a defined contribution basis. Expenses related to this plan were $2,391 in the current year and are recorded in salaries and employee benefits.

ATB provides pension benefits to its management employees, as described in Note 11.

The cost of the defined contribution option of the pension plan is recorded based on the contributions from ATB to this option in the current year, and is included in the Consolidated Statement of Income under salaries and employee benefits. In the year ended March 31, 2000 the expense was $2,349.

The pension expense for the defined benefit option of the management pension plan and for the supplemental plan is actuarially determined by the projected pension benefit offset by the assumed investment return on the plan assets, using management's best estimate and actuarial assumptions outlined in the following table. It is recorded in the Consolidated Statement of Income as a component of salaries and employee benefits.
The difference between the pension expense and the actual cash contributions to the plan is recorded in the Consolidated Balance Sheet as part of other assets or other liabilities, as appropriate.

The following table presents information related to the defined benefit provisions of the management pension plans:

MANAGEMENT EMPLOYEES DEFINED BENEFIT PENSION PLANS

	Pension plan	Supplemental plan
FUNDED STATUS		
Assets at fair value	$ 54,448	$ -
Accrued benefit obligation	42,198	301
Plan surplus (deficit)	12,250	(301)
Unamortized initial transition asset	3,813	-
Unamortized actuarial net gain	6,959	-
Accrued benefit asset (liability)	**$ 1,478**	**$ (301)**
RECONCILIATION OF FAIR VALUE OF ASSETS		
Fair value of plan assets at beginning of year	$ 43,544	
Contributions from ATB	2,578	
Contributions from employees	1,018	
Return on plan assets	7,849	
Benefits paid	(541)	
Fair value of plan assets at end of year	**$ 54,448**	
RECONCILIATION OF ACCRUED BENEFIT OBLIGATION		
Accrued benefit obligation at beginning of year	$ 39,307	$ -
Current service cost	2,138	291
Interest cost	2,565	10
Expected benefit payments	(1,812)	-
Accrued benefit obligation at end of year	**$ 42,198**	**$ 301**
NET PENSION PLAN EXPENSE		
Service cost, net of expected employee contributions	$ 1,139	$ 291
Interest cost	2,565	10
Expected return on plan assets	(3,711)	-
Amortization of initial transition asset	(424)	-
Net pension plan expense	**$ (431)**	**$ 301**
ACTUARIAL ASSUMPTIONS USED IN ACTUARIAL VALUATIONS		
Discount rate	6.5%	6.5%
Return on plan assets	8.5%	8.5%
Rate of inflation	1.5%	1.5%
Salary increases	2.5%	3.5%

Actuarial valuations were performed by an independent actuary as at April 1, 1999 based on the market related discount rate, and extrapolated to March 31, 2000.

13. DISCLOSURE OF SALARIES AND BENEFITS

ATB is an Agent of the Crown in right of Alberta, and as such, is required to disclose the following information as per the Salary and Benefits Disclosure Directive, made by the Treasury Board, pursuant to sections 5, 6 and 7 of the Financial Administration Act. This directive applies to all departments, regulated funds, provincial agencies and Crown-controlled organizations. The amounts disclosed are the amounts earned in the year. The 1999 comparative numbers have been restated to reflect amounts earned rather than amounts paid.

	2000			1999
	Salary	Benefits and allowances	Total	Total
Chairman of Board	$ 47	$ -	$ 47	$ 55
Board Members (15)	318	-	318	394
President and Chief Executive Officer	497	30	527	420
Executive Vice-President Branch Sales and Service	209	63	272	236
Executive Vice-President Marketing and Product Development	189	43	232	219
Senior Vice-President Credit	197	45	242	187
Senior Vice-President Electronic and Central Services	190	43	233	218
Chief Financial Officer	177	46	223	164

Salary includes all earned regular base pay, variable pay, bonuses, lump sum payments, honoraria, retroactive pay adjustments and any other direct cash remuneration. Accumulated vacation was paid out to the Senior Vice-President Credit (2000: $7; 1999: $4) and to the Chief Financial Officer (2000: $7; 1999: $5). These amounts are included in the salary figure.

Benefits and allowances consist of employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, medical benefits, group life insurance, accidental disability and dismemberment insurance, long-term disability plans, Employment Insurance and Canada Pension Plan. The benefits and allowances figure also includes the cost of additional benefits such as travel allowances, club membership allowances and car allowances.

An automobile was provided for the President and Chief Executive Officer; no amount is included in the benefits and allowances figure.

14. RELATED PARTY TRANSACTIONS

In the ordinary course of business, ATB provides normal banking services to various Province of Alberta departments and agencies on terms similar to those offered to non-related parties (see Note 8).

On June 30, 1999 a subordinated debenture issue was privately placed with the Crown in right of Alberta (see Note 10).

15. COMMITMENTS AND CONTINGENT LIABILITIES

(a) Credit Instruments

In the normal course of business, ATB enters into various commitments to provide customers with sources of credit. These include credit commitments, letters of credit, letters of guarantee and loan guarantees.

Guarantees and standby letters of credit represent an irrevocable obligation to make payments to a third party in the event that the customer is unable to meet its financial or performance contractual obligations. In the event of a call on such commitments, ATB has recourse against the customers. Documentary and commercial letters of credit require ATB to honour drafts presented by third parties upon completion of specific activities. Guarantees include a loan guarantee relating to West Edmonton Mall as further disclosed in Note 21.

Commitments to extend credit represent undertakings to make credit available in the form of loans or other financing for specific amounts and maturities, subject to certain conditions, and include recently authorized credit not yet drawn down, and credit facilities available on a revolving basis.

These credit arrangements are subject to ATB's normal credit standards, and collateral may be obtained where appropriate. The contract amounts represent the maximum credit risk exposure to ATB should the contracts be fully drawn and any collateral held proves to be of no value. As many of these arrangements will expire or terminate without being drawn upon, the contract amounts do not necessarily represent the future cash requirements. Contract amounts as at March 31 were:

	2000	1999	1998
Guarantees	$ 413,977	$ 414,372	$ 401,376
Letters of Credit	2,801	9,974	10,437
Commitments to extend credit	1,765,137	1,511,451	1,405,109
	$ 2,181,915	$ 1,935,797	$ 1,816,922

(b) Lease commitments

ATB has obligations under long-term non-cancellable operating leases for buildings and equipment. The future minimum lease payments for each of the next five years and thereafter are:

Year ending March 31,	2001	$ 17,053
	2002	15,414
	2003	13,167
	2004	11,742
	2005	10,914
	2006 and thereafter	40,297

(c) Litigation

Various actions and legal proceedings arising from the normal course of business including the counterclaims described in Note 21 are pending against ATB. Management does not consider the aggregate liability, if any, of these actions and proceedings to be material.

16. DERIVATIVE FINANCIAL INSTRUMENTS

ATB enters into derivative transactions in order to manage the risks associated with its interest rate exposure and other market risks. Derivative products used by ATB include interest rate swaps, interest rate caps, foreign exchange forward contracts and index-linked options and swaps.

The interest rate swaps and caps are used to manage exposures to fluctuations in interest rates in ATB's overall portfolio. The index-linked options and swaps are used to manage exposures to fluctuations in the underlying indicies arising from specific financial instruments. ATB only enters into these derivative instruments for its own account and does not act as an intermediary in this market. The net income or expense related to these derivative transactions is deferred and amortized over the term of the related agreement as an adjustment to interest income or interest expense in the Consolidated Statement of Income.

ATB also provides foreign exchange forward contracts to its customers for the purpose of meeting their needs in their day to day business.

The total amount of deferred expense at March 31, 2000 was $18,577 (1999: $9,943; 1998: $4,869) and is recorded in other assets on the Consolidated Balance Sheet.

The derivative instruments are not included in the Consolidated Balance Sheet. Notional principal amounts, upon which payments are based, are not indicative of the credit risk associated with derivative financial instruments.

The notional amounts of derivative contracts are summarized as follows:

	2000			1999	1998
	Maturing within 1 year	Over 1 to 5 years	Total	Total	Total
Interest rate contracts					
Interest rate swaps	$ 175,000	$ 638,750	$ 813,750	$ 575,000	$ 175,000
Interest rate caps	100,000	25,000	125,000	125,000	100,000
	275,000	663,750	938,750	700,000	275,000
Index-linked contracts	89,300	184,000	273,300	227,820	193,170
Foreign exchange forward contracts	6,691	1,460	8,151	5,033	3,114
	$ 370,991	$ 849,210	$ 1,220,201	$ 932,853	$ 471,284

The current replacement cost and fair value of derivative contracts are summarized as follows:

	Notional amount	Net fair value	Current replacement cost: Favourable position	Current replacement cost: Unfavourable position
2000				
Interest rate contracts				
Interest rate swaps	$ 813,750	$ 12,574	$ 13,632	$ 1,058
Interest rate caps	125,000	799	799	-
Index-linked contracts	273,300	61,689	61,689	-
Foreign exchange forward contracts	8,151	9	55	46
	$ 1,220,201	$ 75,071	$ 76,175	$ 1,104
1999	$ 932,853	$ 12,326	$ 15,187	$ 2,861

Fair values are determined using pricing models which take into account current market and contractual prices of the underlying instruments, as well as time value and yield curve or volatility factors underlying the positions. Fair values have been segregated between those contracts which are in a favourable position (positive fair value) and those contracts which are in an unfavourable position (negative fair value).

Current credit exposure is limited to the amount of loss that ATB would suffer if every counterparty to which ATB was exposed were to default at once, which is represented by the current replacement cost of all outstanding contracts in a favourable position. ATB attempts to limit its credit exposure by dealing with counterparties believed to be credit worthy.

17. ESTIMATED FAIR VALUE OF BALANCE SHEET FINANCIAL INSTRUMENTS

The amounts are designed to approximate the fair values of ATB's financial instruments using the valuation methods and assumptions described below. Since many of ATB's financial instruments lack an available trading market, the fair values represent estimates of the current market value of instruments, taking into account changes in market rates that have occurred since their origination. Due to the use of subjective assumptions and uncertainties, the fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

The carrying value of most of ATB's financial instruments is not adjusted to reflect changes in interest rates, as it is ATB's intention to hold the instruments to maturity.

The estimated fair values disclosed do not reflect the value of items that are not considered financial instruments, such as capital assets or intangible assets.

Estimated fair values of balance sheet financial instruments are summarized as follows:

	2000			1999			1998		
	Carrying value	Fair value	Fair value over carrying value	Carrying value	Fair value	Fair value over carrying value	Carrying value	Fair value	Fair value over carrying value
ASSETS									
Cash resources	$ 646,961	$ 646,961	$ -	$ 595,092	$ 595,092	$ -	$ 596,516	$ 596,516	$ -
Securities	630,224	630,224	-	468,479	468,479	-	611,402	611,402	-
Loans	8,924,691	8,810,784	(113,907)	8,036,775	8,143,502	106,727	7,460,424	7,580,614	120,190
Other assets	166,451	166,451	-	127,182	127,182	-	98,385	98,385	-
LIABILITIES									
Deposits	$ 9,924,626	$9,953,354	$ 28,728	$ 9,022,310	$ 9,101,963	$ 79,653	$ 8,726,065	$ 8,789,712	$ 63,647
Other	234,679	234,679	-	215,241	215,241	-	158,049	158,049	-

Fair values were determined as follows:

Short-term financial instruments

For items which are short-term in nature, the estimated fair value is equal to carrying value. These include cash resources, securities, other assets and other liabilities.

Floating rate financial instruments

For floating rate financial instruments, fair value is equal to carrying value as the interest rates automatically reprice to market.

Fixed rate financial instruments

For fixed rate loans, fair value is determined by discounting the expected future cash flows at market rates.

For fixed rate deposits, fair value is determined by discounting the contractual cash flows, using market interest rates currently offered for deposits with similar terms.

18. INTEREST RATE RISK

Interest rate risk is the risk that net interest income will decrease because of an adverse movement in interest rates. The following table details the gap between interest sensitive assets and interest sensitive liabilities, based on the earlier of the repricing or maturity date of both on and off-balance sheet assets and liabilities.

	Within 3 months	3 - 6 months	6 - 12 months	Total within 1 year	1 year to 5 years	Over 5 years	Non-interest sensitive	Total
2000								
ASSETS								
Cash	$ 89,829	$ -	$ -	$ 89,829	$ -	$ -	$ -	$ 89,829
Effective interest rate	5.36%	0.00%	0.00%	5.36%	0.00%	0.00%	0.00%	5.36%
Investments	1,032,855	121,427	33,074	1,187,356	-	-	-	1,187,356
Effective interest rate	5.39%	5.52%	6.19%	5.42%	0.00%	0.00%	0.00%	5.42%
Loans	3,448,565	500,433	643,899	4,592,897	3,691,007	38,198	602,589	8,924,691
Effective interest rate	7.95%	7.16%	7.40%	7.79%	7.18%	7.00%	8.56%	7.58%
Other	-	-	-	-	-	-	230,067	230,067
	4,571,249	621,860	676,973	5,870,082	3,691,007	38,198	832,656	10,431,943
LIABILITIES AND EQUITY								
Deposits	4,778,290	324,930	1,252,028	6,355,248	2,268,970	-	1,300,408	9,924,626
Effective interest rate	4.00%	4.75%	5.14%	4.26%	5.33%	0.00%	0.06%	3.96%
Other liabilities and equity	-	-	-	-	-	-	499,798	499,798
Subordinated debenture	-	-	-	-	-	-	7,519	7,519
Effective interest rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.48%	5.48%
	4,778,290	324,930	1,252,028	6,355,248	2,268,970	-	1,807,725	10,431,943
On-balance sheet gap	(207,041)	296,930	(575,055)	(485,166)	1,422,037	38,198	(975,069)	-
Derivatives used for asset/liability purposes *(notional amounts)*								
Pay side swaps	(175,000)	-	-	(175,000)	(638,750)	-	-	(813,750)
Effective interest rate	5.26%	0.00%	0.00%	5.26%	5.63%	0.00%	-	-
Receive side swaps	713,750	75,000	25,000	813,750	-	-	-	813,750
Effective interest rate	5.30%	5.37%	5.69%	5.32%	-	-	-	-
Off-balance sheet gap	538,750	75,000	25,000	638,750	(638,750)	-	-	-
Net gap	$ 331,709	$ 371,930	$ (550,055)	$ 153,584	$ 783,287	$ 8,198	$ (975,069)	$ -
% of assets	3.18%	3.57%	(5.27%)	1.47%	7.51%	0.37%	(9.35%)	
1999								
Net gap	$ 504,199	$ 173,708	$ (721,767)	$ (43,860)	$ 876,614	$ 28,496	$ (861,250)	$ -
% of assets	5.43%	1.87%	(7.77%)	(0.47%)	9.44%	0.31%	(9.27%)	
1998								
Net gap	$ 347,607	$ 277,240	$ (550,641)	$ 74,206	$ 543,680	$ 279	$ (618,165)	$ -
% of assets	3.94%	3.14%	(6.24%)	0.84%	6.16%	0.00%	(7.01%)	

The gap position is presented as of the close of the business day (March 31). It represents the position of ATB for that day only and may change significantly due to customer preferences and risk management policies.

Non-interest bearing accounts are reported as non-interest sensitive. Due to the current rate environment, interest bearing accounts which no longer demonstrate a direct correlation with market interest rate movements and are no longer deemed to be sensitive are reported as non-interest sensitive.

19. CREDIT RISK

Credit risk is the risk of loss due to borrowers failing to meet their financial obligations. Credit risk arises from both on and off-balance sheet transactions. ATB's credit risk is significantly influenced by movements in the Alberta economy which in recent years has shown strong growth and occasional sharp declines. The credit risk is managed to ensure diversification by limiting concentrations to single borrowers and high-risk industries. The 1994 guarantee for the West Edmonton Mall financing disclosed in Note 21 is an exception. Further, policies and procedures are established to promote sound lending practices and ensure prompt attention to problem loans.

20. MARKET SEGMENT INFORMATION

ATB conducts its business through market segments that offer different products and services – deposit business, individual lending, agricultural lending, and independent business and commercial lending. The deposit business market segment provides a wide range of deposit and investment products and sundry financial services to all clients. The lending business market segments provide a variety of credit products and services including credit cards designed specifically for each particular group of borrowers.

Results for these market segments are based on ATB's internal financial reporting systems and are consistent with the accounting policies followed in the preparation of ATB's Consolidated Financial Statements. The assets and liabilities of the market segments are transfer-priced based on their nature and term to determine the net interest income. Non-interest expenses are currently not allocated to the business units.

	Deposit business	Lending business: Individual	Lending business: Agricultural	Lending business: Independent business and commercial	Other *	Total
MARCH 31, 2000						
Net interest income	$ 135,058	$ 69,726	$ 25,055	$ 67,251	$ 34,781	$ 331,871
Other income	31,533	4,912	1,710	11,055	45,350	94,560
Total revenue	166,591	74,638	26,765	78,306	80,131	426,431
Provision (recovery) for credit losses		2,060	(3,823)	(14,837)	(25,221)	(41,821)
Non-interest expenses	-	-	-	-	239,762	239,762
Net income	$ 166,591	$ 72,578	$ 30,588	$ 93,143	$ (134,410)	$ 228,490
Average loans	$	$ 4,743,410	$ 1,062,809	$ 2,705,505	$ (55,861)	$ 8,455,863
Average deposits	8,210,056				1,373,391	9,583,447
Total assets		5,041,219	1,121,082	2,874,029	1,395,613	10,431,943
MARCH 31, 1999						
Net interest income	$ 125,847	$ 63,477	$ 25,286	$ 62,711	$ 9,611	$ 286,932
Other income	29,801	6,183	1,577	8,595	27,964	74,120
Total revenue	155,648	69,660	26,863	71,306	37,575	361,052
Provision (recovery) for credit losses		660	(680)	(40,651)	44,458	3,787
Non-interest expenses	-	-	-	-	246,573	246,573
Net income	$ 155,648	$ 69,000	$ 27,543	$ 111,957	$ (253,456)	$ 110,692
Average loans	$	$ 4,134,000	$ 1,038,757	$ 2,397,584	$ 40,885	$ 7,611,226
Average deposits	7,704,447				1,185,610	8,890,057
Total assets		4,468,832	1,063,399	2,644,704	1,104,764	9,281,699
MARCH 31, 1998						
Net interest income	$ 103,750	$ 62,199	$ 24,019	$ 64,342	$ (3,157)	$ 251,153
Other income	27,398	4,921	1,592	8,217	23,318	65,446
Total revenue	131,148	67,120	25,611	72,559	20,161	316,599
(Recovery) provision for credit losses		(3,493)	5,691	(101,005)	94,634	(4,173)
Non-interest expenses	-	-	-	-	235,338	235,338
Net income	$ 131,148	$ 70,613	$ 19,920	$ 173,564	$ (309,811)	$ 85,434
Average loans	$	$ 3,774,504	$ 1,006,448	$ 2,291,149	$ 290,216	$ 7,362,317
Average deposits	7,447,512				1,112,244	8,559,756
Total assets		3,969,441	1,038,260	2,593,425	1,216,444	8,817,570

*Comprised of business of a corporate nature such as investment, risk management, asset/liability management and treasury operations, as well as revenue, expenses and general allowances for credit losses not expressly attributed to the business units. It also includes the financial implications of the West Edmonton Mall guarantee, which is not typical of normal business activities of ATB. This issue is disclosed in Note 21.

21. WEST EDMONTON MALL LOAN GUARANTEE

Under the terms of a guarantee agreement dated October 31, 1994, relating to the refinancing of West Edmonton Mall (WEM), ATB guaranteed to the Toronto Dominion Bank (TD Bank) repayment of a $353.3 million credit facility in accordance with the terms of the agreement, and in any event by October 31, 2004.

In the event that ATB is required to honour its guarantee, the net cost to ATB would be the difference between the amount then owed to the TD Bank and the proceeds from a realization or refinancing of WEM. In 1998 ATB obtained an appraisal that values WEM at $300.0 million. As a result of this appraisal, ATB has provided for a loan guarantee loss of $45.0 million, having regard to the difference between the appraised value and the amount owed to the TD Bank.

On August 25, 1998, ATB filed a Statement of Claim against the owners of WEM and others. ATB seeks to have the refinancing agreements set aside. ATB claims in the alternative that the owners of WEM have defaulted on their obligation to maintain the facility to the standard required under the loan agreements. It is management's opinion that if the facility is not properly maintained, the value of WEM could decline below $300.0 million, thereby potentially increasing ATB's liability under its guarantee to the TD Bank. Any increase in ATB's liability under the guarantee would be charged against earnings in the year it is identified. Management believes it has taken the necessary steps to minimize ATB's exposure under the guarantee to a point where a material addition to the existing provision is unlikely.

In April and June 1998, WEM provided ATB with copies of purported agreements dated November 15, 1994, February 23, 1996 and March 25, 1996, that purport to amend the WEM refinancing agreements dated October 31, 1994. The agreements purport to extend the term of the guarantee to 2014 and to amend the terms of repayment and other provisions of the refinancing agreements. Management believes that it will be successful in its legal action to set aside these purported amending agreements and as a result no liability to them has been established.

In December 1998, and January 1999, two counterclaims were filed in this action by the owners of WEM and others against ATB. These counterclaims are for significant amounts. In the opinion of management, these counterclaims are without merit and are unlikely to result in a material loss.

Robert G. Brawn,
Chair of the Human Resources Committee

Robert G. Brawn (Calgary) is Chairman of the Board of Danoil Energy Ltd. In addition to having extensive experience in the energy sector, previously Mr. Brawn was Chair of the Calgary Chamber of Commerce and co-chair of the Calgary Economic Development Authority, and the Independent Petroleum Association of Canada. He is currently a director of the Churchill Corp., the Forzani Group Ltd., Parkland Industries Ltd., United Inc., and the Calgary Airport Authority.

Gary Campbell,
Member of the Governance and Conduct Review Committee, and the Human Resources Committee

Gary G. Campbell Q.C., (Edmonton) is counsel with the law firm Miller Thomson. Mr. Campbell has served as a director of several organizations, and is presently chairman of Economic Development Edmonton, the Alberta Cancer Board, and of the Tourism Committee of Alberta Economic Development Authority. He was also the co-chairman of the Alberta Tax Review Committee, chairman of the Canadian Chamber of Commerce and North West Trust Company.

Paul G. Haggis,
Member of the Credit Policy and Risk Management Committee

Paul G. Haggis (Edmonton) is President and Chief Executive Officer of Alberta Treasury Branches. Prior to joining ATB in 1996, he was Chief Operating Officer of Metropolitan Life, Canadian Operations. Mr. Haggis has extensive experience as an executive in the Canadian financial industry. He is currently a member of the Public Sector Pension Investment Board and a number of community boards, including the Alberta Shock Trauma Air Rescue Society (STARS).

John (Jack) Halpin,
Member of the Credit Policy and Risk Management Committee

J. W. (Jack) Halpin (Calgary) is a partner with Halpin, Antony, Owen, Mayer Chartered Accountants and is a Fellow of the Institute of Chartered Accountants of Alberta.
Mr. Halpin was a member of the Audit Committee of the Executive Council of the Province of Alberta. He has been a partner with various accounting firms, and previously served as chairman of the Calgary General Hospital Board and the Holy Cross Hospital Disposition Committee.

Brian R. Heidecker,
Member of the Credit Policy and Risk Management Committee and the Human Resources Committee

Brian R. Heidecker (Coronation) is President of Drylander Ranch Ltd. and Executive Vice-President of MMI & Associates, an agri-food industry advisory service, a division of Sparks & Co., Memphis, Tennessee. He is Chair of the Agriculture and Food Council of Alberta, whose mandate is to develop and expand the agri-food industry in Alberta. He was recently appointed to the University of Alberta Board of Governors. Mr. Heidecker served on the Board of the Bank of Canada, the Alberta Securities Commission, and the Alberta Agricultural Financial Services Corp. He was Chair of the Camrose International Development Institute and Vice-Chair of the University of Alberta Senate.

Brian W. Hesje,
Member of the Audit Committee

Brian W. Hesje (Edmonton) is the President and CEO of Fountain Tire Ltd., which is recognized as one of Canada's 50 Best Managed Private Companies. He has extensive entrepreneurial and small business experience. Mr. Hesje was recently appointed a Fellow of the Institute of Chartered Accountants of Alberta and is also Vice-Chairman of the Board of Governors for the Northern Alberta Institute of Technology (NAIT).

David W. Hughes,
Chair of the Audit Committee, and Member of the Human Resources Committee

David W. Hughes (Lethbridge) is a Fellow of the Institute of Chartered Accountants of Alberta and former President and CEO of Canbra Foods Ltd. He brings to the Board business experience in the agriculture and food processing industries, including service on boards and councils. Mr. Hughes was Chair of the University of Lethbridge Board of Governors. He also has an Honorary Doctor of Laws degree from the University of Lethbridge.

Ian M. Macdonald, AOE
Member of the Governance and Conduct Review Committee

Ian M. Macdonald (Fairview) has extensive experience in the cattle production industry and is currently a purebred cattle rancher. He was a founding member and Vice-Chair of the Alberta Cattle Commission, President of the Alberta Livestock Cooperative Ltd. and of the Western Cooperative Livestock Markets, as well as General Manager of the Peace River Livestock Co-op Ltd. In 1997 Mr. Macdonald was named to the Alberta Order of Excellence in recognition of his work on the Fairview College Board of Governors and his contribution to Alberta's cattle industry.

J. Garnett Millard,
Chair of the Credit Policy and Risk Management Committee, and a Member of the Governance and Conduct Review Committee

J. Garnett Millard (Edmonton) is a Fellow of the Institute of Chartered Accountants of Alberta and Treasurer of Hudson's Bay Company Acceptance Ltd. He is a retired managing partner of KPMG and former Chair and member of the KPMG Board. He is a member of the Alberta Cancer Foundation. Mr. Millard has previously served on the boards of various community, charitable, and arts organizations. He is currently Chair of the ATB Investment Services Inc. Board of Directors.

Raymond J. Nelson,
Member of the Governance and Conduct Review Committee

Raymond J. Nelson (Lloydminster) is Founder and Chairman Emeritus of Nelson Lumber Company Ltd. He brings to the Board extensive senior business experience. Mr. Nelson has been a Board member of several public companies based in Western Canada and served a term on the Board of the Economic Council of Canada. He holds an Honorary Doctor of Laws degree from the University of Alberta.

Al O'Brien,
Member of the Audit Committee

Al D. O'Brien (Edmonton) is the former Deputy Provincial Treasurer. Mr. O'Brien is a Senior Fellow of the C.D. Howe Institute, a Fellow of the Institute of Public Economics (University of Alberta), a Director of IFPT Management Inc. (Montreal), Chair of the Alberta Health Innovation Fund Advisory Committee, and a member of the Advisory Council of the Institute of Intergovernmental Relations (Queen's University). He also served as director with the Alberta Pension Administration Corporation, the Alberta Municipal Finance Corporation, and the Credit Union Deposit Guarantee Corporation.

Ralph D. Scurfield,
Member of the Audit Committee

Ralph D. Scurfield (Banff) is the President and major shareholder of Sunshine Village Corp., and the recipient of the 1999 Alberta Employer of Youth Award. He is also a Director of Eclipse Exploration Ltd. He is a member of the Law Society of Alberta and State Bar of California. He recently completed the Oxford University Advanced Management Programme and was awarded a certificate in management studies. He has considerable experience in the areas of tourism and independent business. Mr. Scurfield has served on private sector boards in the hotel and financial services industries, as well as on tourism associations and local government councils.

Gail D. Surkan,
Member of the Audit Committee, and of the Credit Policy and Risk Management Committee

Gail D. Surkan (Red Deer) is the Mayor of the City of Red Deer. She is on the Board of Trustees for the Alberta Heritage Foundation for Medical Research and is a Board member of the Alberta Congress Board and a member of the Strategic Tourism Marketing Council. Prior to her career as an elected official, Ms. Surkan was an economic development consultant.

Ron P. Triffo,
Chair of the Governance and Conduct Review Committee, and a Member of the Credit Policy and Risk Management Committee

Ron P. Triffo (Edmonton) is Chairman of the Board, Director and past CEO of Stantec Inc. He is also Vice-Chairman of the Board of TELUS. A Fellow of the Canadian Academy of Engineering, he brings to the Board significant experience in the consulting engineering industry and service on private and public sector boards. These include the Alberta Heritage Foundation for Science and Engineering, the Alberta Economic Development Authority, the Advisory Councils of the Faculties of Business and Medicine at the University of Alberta, and the Board of Governors of Junior Achievement of Northern Alberta and the Northern Alberta Institute of Technology (NAIT). Mr. Triffo was Alberta Venture Magazine's recipient of its 1997 Business Person of the Year award.

Marshall M. Williams,
Chairman of the Board

Marshall M. Williams (Calgary) is Chairman of the ATB Board of Directors. He had a long and distinguished executive career with TransAlta Corporation and was also Chairman of the Board. Mr. Williams has served on several foundations as well as corporate and public boards. He chaired the Banff Centre Board of Governors and the Alberta Financial Review Commission.

PRODUCTS AND SERVICES

PERSONAL SERVICES

Deposit accounts
- Pass Account
- Albertan Ultra
- GIS III
- JUVE
- US Dollar Savings

Investments
- Compound Interest Certificates (CIC)
- Guaranteed Investment Certificates (GIC)
- Term Deposit Certificates
- US Term Deposit Certificates
- Seasonal Products
  - Flexible GIC
  - Springboard GIC
  - Cashable GIC
  - Variable GIC

Retirement products
- Registered Retirement Savings Plan (RRSP)
- Registered Retirement Income Fund (RRIF)
- Registered Education Savings Plan (RESP)
- Retirement Savings Builder Account
- Equity-Linked Products
  - TSE/S&P Equity GIC RSP
  - Western Canadian Equity GIC RSP
  - Pipeline GIC RSP

Cards
- Alberta MasterCard
- Alberta Gold MasterCard
- Alberta Student's First MasterCard
- Debit Card

Personal loans
- Advantage Line of Credit
- Personal Loans
- Overdraft Protection
- RSP Loans

Mortgages
- Conventional
- Mortgage Line of Credit
- Insured (CMHC/GE Capital)
- Canadian Home Income Plan (CHIP)

Loan insurance
- Group Creditor Life, Accidental Dismemberment and Permanent Loss
- Group Creditor Disability Insurance

Services
- Priority Plan
- Any Time Banking
- Safekeeping
- Money Services

BUSINESS SERVICES

Deposit accounts
- Current Account
- US Dollar Chequing Account
- Guaranteed Investment Savings Plan
- Albertan Ultra
- US Dollar Savings

Investments
- Term Deposit Certificates
- US Term Deposit Certificates
- Seasonal Products
  - Flexible GIC
  - Cashable GIC
  - Equity Based GIC

Business loans
- Capital Financing Loans
- Operating Loans
- Government Guaranteed Loans
- Professional Practice Loans
- Pick Your Payment
- Letters of Credit

Cards
- Alberta Business MasterCard

Loan insurance
- Group Creditor Life, Accidental Dismemberment and Permanent Loss

Services
- ATB Online Internet Cash Management System
- Electronic Funds Transfer (EFT)
- Merchant MasterCard / Visa and Direct Payment
- Any Time Banking
- Safekeeping
- Money Services
- Payroll

AGRICULTURAL SERVICES

Deposit accounts
- NISA account

Agri-Industry loans
- Agri-Term
- Agri-Plan
- ATB Specialty Loans
- Breeder Association
- Cost Cutter
- Conditional Sales Contracts
- Equity Agri-Plan
- Feeder Association
- Government Guaranteed Loans
  - Farm Improvement Loans
  - Alberta Farm Development Loans
- 4-H

Investments
- Compound Interest Certificates (CIC)
- Guaranteed Investment Certificates (GIC)
- Term Deposit Certificates
- Seasonal Products
  - Flexible GIC
  - Springboard GIC
  - Cashable GIC
  - Variable GIC

Cards
- AgriBusiness MasterCard

Loan insurance
- Group Creditor Life, Accidental Dismemberment and Permanent Loss

Services
- 4-H
- Agriculture Services
- ATB Online Internet Cash Management System
- Any Time Banking
- Safekeeping
- Money Services

CORPORATE INFORMATION

BOARD OF DIRECTORS

Marshall M. Williams
Chairman
Calgary

Robert G. Brawn
Calgary

Gary G. Campbell
Edmonton

Paul G. Haggis
President & Chief Executive Officer
Edmonton

J.W. (Jack) Halpin
Calgary

Brian R. Heidecker
Coronation

Brian W. Hesje
Edmonton

David W. Hughes
Lethbridge

Ian M. Macdonald, AOE
Fairview

J. Garnett Millard
Edmonton

Raymond J. Nelson
Lloydminster

Al D. O'Brien
Edmonton

Ralph D. Scurfield
Banff

Gail D. Surkan
Red Deer

Ron P. Triffo
Edmonton

EXECUTIVE OFFICERS

Paul G. Haggis
President & Chief Executive Officer

Bob Ascah
Senior Vice-President
Policy and Strategic Planning

Ken Casey
Vice-President
Operations

Sandy Chipchar
Vice-President
Human Resources

Kerry Day
Vice-President
Legal and Corporate Secretary

Darlene Dickinson
Vice-President
Public Affairs

Brian Digby
Executive Vice-President
Marketing and Product Development

Sheldon Dyck
Vice-President
Business Products

Lukasz Forys
Vice-President
Treasury and Global Financial Markets

Amolak Grewal
Senior Vice-President
Electronic and Central Services

Howard Ho
Vice-President
Electronic Banking

Larry Kaumeyer
Vice-President
Retail Products

Ed Knash
Vice-President
Agri-Industry Products

Joe Leuwer
Vice-President
Information Technology

Ken Littlewood
Senior Vice-President
Asset Management

Bob Mann
Senior Vice-President
Credit

Wayne Martinson
Vice-President
Risk Management

Ron Metro
Vice-President
Regional Financial Services

Bob Normand
Executive Vice-President
Branch Sales and Service

Kevin Paetz
Vice-President
Personal Financial Services

Lenka Stuchlik
Comptroller

Craig Warnock
Chief Financial Officer

Andrew Wingate
Chief Inspector

REGIONAL VICE-PRESIDENTS

Michael Baker
Central West

Marvin Bragg
East

Kelly Burgess
Southwest

Kerry Dalton
Central East

Deane Fossen
Southeast

Jay Hamblin
Edmonton Business Sales

Dean Ozanne
Peace Country

Mike Ryan
Edmonton Retail

Robert Sutherland
Calgary Business Sales

Sandra Whicker
Northeast

To be appointed
Calgary Retail

To be appointed
Northwest

PUBLIC MEETING

Our Annual Public Meeting will be held on Wednesday, July 5, 2000 at 10:00 a.m., at the Palliser Hotel, 133 – 9th Avenue S.W., Calgary, Alberta.

A special thanks to the Alberta photographers who took part in our Day in the Life project:


Don Hammond


Ric Kokotovich


Dale Roth and Michele Ramberg


Chai Stiles


Tim Van Horn


George Webber

Collectively, these photographers have over 60 years of experience and recognition across North America. Their work has been featured in magazines such as The Globe and Mail's Report on Business, Western Living, Chatelaine, Saturday Night and Time.

The unique vision of each photographer involved in this project captures the essence of ATB's relationship with its customers and the dedication of six individuals who represent ATB's 2,505 employees across Alberta. These images tell the story of ATB, an energetic and community-oriented financial institution.